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NOTICE TO READERS: An * indicates material not disseminated in electronic form.

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International Affairs

Russian, Japanese Ministers Hold G-7 News Conference

OW1504100293 Tokyo NHK Satellite No 1 Television Network in Japanese 0535 GMT 15 Apr 93—FOR OFFICIAL USE ONLY

[News conference by Japanese Foreign Minister Kabun Muto, Japanese Finance Minister Yoshiro Hayashi, Russian Foreign Minister Andrey Kozyrev, and Russian Deputy Prime Minister Boris Fedorov, hosted by an unidentified moderator in Tokyo on 15 April—live; Kozyrev and Fedorov speak in English; all others speak in Japanese unless otherwise noted]

[Text] [Moderator] Now that all the cabinet members are seated on the stage, we will start the news conference. First, Foreign Minister Muto, please.

[Muto] I would like to first state my greetings. With the luncheon party that has just concluded, all the activities connected with the session of the G-7 joint ministerial conference on assistance to Russia, which has been conducted over the past two days, has come to an end. I think that a copy of the statement of the joint chairmen, which has been issued under my name and the name of Minister Hayashi, has been distributed to you.

The recent meetings were conducted under the unprecedented form of a joint session of foreign ministers as well as finance ministers from the various nations of the G-7. The fact that these sessions were conducted in this form indicates the importance of the issue of providing aid to Russia, which constitutes today's most important task faced by the international community. Lively discussions were exchanged at the session, the results of which are as follows:

With the national referendum scheduled 10 days from now, the reform policy that has been promoted under the leadership of President Yeltsin is now at a turning point. At the current meeting, all G-7 nations issued an explicit political message indicating their unanimous support for Russia's reform efforts, as well as their continuous support for President Yeltsin and those engaged in promoting reform programs. Moreover, in addition to this political message, the G-7 has worked out an aid package as a visible and tangible message to be directly delivered to the Russian public.

In this way, the G-7 has indicated that it strongly supports Russia's reform efforts in both words and actions. Details of individual aid plans are outlined in the appendix of the chairmen's statement.

Next, please let me explain the basic concept of the aid package we have just worked out.

Now that the international situation is moving into an uncertain transitional period, the international community hopes Russia will become a cooperative partner by ensuring its own stability in both the political and economic fields. It is not an overstatement to say that the future of international harmony depends on Russian reform. Russia's reform efforts are directly linked to the interests of its citizens, and multinational assistance to Russia is being offered to support Russia's self-help efforts. At the G-7 meeting this morning, Deputy Prime Minister Fedorov expressed Russia's resolve to dedicate its best efforts to promoting reform policies.

Taking this into account, we positively discussed how the G-7 can make the most of its aid to Russia. As a result, the G-7 members agreed that G-7 aid should be visible in the sense that it is being directly offered to the Russian public, and they agreed that G-7 aid is supposed to promote the construction of Russia's infrastructure to efficiently introduce a market economy.

For example, the G-7 attaches importance to promoting the energy industry to secure the primary source of Russia's foreign currency earnings. Also, the G-7 agreed to encourage the promotion of smaller businesses, because this is key to the nation's efforts to shift to a market economy.

Before the current meeting was held, representatives of the G-7 exchanged views with Deputy Prime Minister Fedorov at the meeting in Hong Kong. The G-7 nations had also held detailed consultations. Furthermore, the G-7 foreign and finance ministers also exchanged views with Deputy Prime Minister Fedorov and Foreign Minister Kozyrev this morning. The current aid package is the result of the above process. We are confident that this will be responsive to the true needs of the Russian people. It is also believed that the framework for international coordination on aid to Russia in the future has been established at the current meeting. The transition to a market economy and democratization in Russia will entail a long process. We think that the current meeting represents an important step toward the Tokyo summit. We would like to achieve substantial results at the July Tokyo summit by exchanging views among the G-7 leaders and President Yeltsin.

As the cochairman of the meeting, I would like to express my gratitude to the G-7 nations, the concerned ministers of Russia, and working level officials, who worked hard for the success of the current meeting. I would also like to request your continuous cooperation for the Tokyo summit. With this, I end my opening remarks.

[Moderator] Next, Finance Minister Hayashi, please.

[Hayashi] I am Yoshiro Hayashi, who cochaired the joint ministerial meeting with Minister Muto. Minister Muto has just given you a general report on the joint ministerial meeting. I will now talk about G-7 measures on aid to Russia.

Russia has started with a comprehensive transition process to build a democratic society and to introduce a market economy. The development of the market economy in Russia is expected to be a long and difficult

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process requiring painful adjustments on the part of the Russian people. We have studied various measures from the viewpoint of helping Russia's self-help efforts, and to help the Russians grapple with inevitable difficulties during the transition process, we have been studying aid measures to support them.

With regard to the concrete aid measures, please refer to the chairmen's statement already distributed to you. I will just give a brief outline.

First, regarding the measures for stabilizing macroeconomy, the most important way to guarantee success of the Russian economic reform is to bring down the high inflation rate in Russia. We believe that it would be desirable to provide concrete aid based on progress in the IMF program toward stabilization. We welcome the IMF's proposal on formation of a new IMF structure to support those countries that are in a transition period. It is also desirable that the IMF and Russia sign a stand-by accord as soon as possible.

Second, with regard to structural reform, the World Bank is considered to be in a position to take the lead in providing long-term capital to promote reforms. It is hoped that in the future, Russia will make ample use of existing and additional aid from the World Bank. We also welcome the World Bank's willingness to provide up to $4 billion in loans in the next 15 months to assist reform in the critical areas.

With regard to the EBRD [European Bank for Reconstruction and Development], the G-7 nations are called upon to work in close cooperation with the EBRD to create a $300-million fund for developing small and medium-sized businesses in Russia, and to make preparations for founding a bank for small businesses. A working group has also been created to study the best measures to assist the process of reorganization and privatization of large enterprises.

Furthermore, the agreement reached between the creditor nations and Russia at the recent Paris Club meeting means more than $15 billion in aid. Moreover, the creation of opportunities for cooperation between the World Bank and the export-import banks of various nations will be desirable.

Last, the recent decision of the G-7 nations to increase bilateral aid is welcomed.

The above was an outline of the aid measures just drawn up. I strongly hope that the aid will be implemented smoothly and that Russia's shift to the market economy will be promoted without a hitch. That is all.

[Moderator] Next, Deputy Prime Minister Fedorov, please.

[Fedorov] Ladies and gentlemen, I would like to say that we are satisfied with the results of the current meeting with the G-7 countries. I think that this is a major step forward in the process of closer cooperation between Russia and the major countries of the world. We think that this year will be a real breakthrough in the question of international financial assistance to our reforms. This is quite an unusual meeting because long before the Tokyo summit, we have already made a lot of progress, and on a multilateral basis, several countries—Canada, the United States, Japan, the United Kingdom—already announced increased bilateral programs, and we hope the whole process will be much better coordinated and much more practical than before.

The principles on which the current program is based—visibility and clear-cut link to economic reforms in Russia—is a preferred option for us. We think that international assistance should be an additional instrument in forwarding our own reforms, in helping them to gain base [as heard] much faster than probably could have been done otherwise. We are satisfied with the support which was showed to our reforms, and most notably in the fields of financial stabilization, monetary policy, privatization, introducing private property, and entrepreneurship. This support from the G-7 countries is quite helpful in formulating our own policy and makes us feel certain we are on the right way.

Concrete elements of the package which was announced today are quite important for our country. I would like to stress, in particular, two points in the package, which are quite innovative. First, the new IMF facility for countries undergoing transitional systemic change, which is an entirely new program, and which could be very important in the case of Russia with the amount which was announced. And the second on small business support. The program which is supposed to be coordinated by the European Bank is also very important because it directly helps create a private sector, create jobs, create a new atmosphere in our economy.

We are also satisfied with other points in the package. Today, we think the most important issue is the clear-cut mechanism of implementation of this program so that we will feel the results pretty soon, and so that our population, our citizens will be able to benefit from the international effort to assist our reforms.

Timing is, of course, also of crucial importance because in a situation we have now in Russia obviously the need for reforms, the need for speedy change, is of vital importance. And especially on the proposals I have mentioned, the decision should be made, in our opinion, as soon as possible.

At the same time, we think that the package is the beginning of a new stage of cooperation. We hope that by the time of the Tokyo summit, we shall have initial results of several points in this package, and probably, we will be able to formulate further types of assistance and cooperation which will be even closer linked to our reforms, and with a real help to the whole process. The amounts of money in the package are not so important as the really practical, visible approach which we feel is the intention of the G-7 countries. And in this sense, we are looking with optimism to the future. Thank you.

[Moderator] Next, Foreign Minister Kozyrev, please.

[Kozyrev] Ladies and gentlemen, I will not repeat what Vice Prime Minister Fedorov said. I would like just to draw your attention to the fact that this meeting, to my mind, both symbolizes and gives a start to a new stage of the process of integration of Russia into the community of democratic and market-oriented states. We do appreciate that this community welcomed the democratic Russia from the very beginning, and now is prepared to translate this general positive attitude into a practical strategy of cooperation.

I hope that implementation mechanisms will follow quickly. It is important that Russian citizens, Russian people, who suffered a lot from the old system which cannot deliver, and have not yet started to fully benefit from the reform, have this feeling of solidarity; and have a clear vision that this problem of cooperation brings fruit to their day-by-day lives.

And thirdly, I would like to mention that President Yeltsin just yesterday met with the Russian press. As a matter of fact, the package and strategy we have discussed today with the G-7 foreign and finance ministers echoes very much the remarks the president made. The main thrust of his remarks was that Russia suffers not from the reform but from hesitations and shortcomings of, and probably indecisiveness on, the road to reform. And, that the mandate that he—and I am sure he will receive at the 25 April referendum.—of course counted by international, and not by Soviet standards of fifty plus one percent of voters, of those who take part in the vote. This referendum will give him another authority to streamline reform, and he spoke of the necessity to pull together financial discipline, and exactly in these fields, like stabilization of the ruble, like further privatization, like help to entrepreneurs, exactly in those priority areas, the G-7 come with this package, and with specific numbers, which, I agree, are not that important as practical mechanisms and practical applicability of those specific projects. So, I think we are moving to meet each other in our efforts to win democratic peace as democrats on both sides won the cold war. Thank you.

[Moderator] Thank you very much. We do not have much time left. We will now accept questions until about 1510. Any questions?

[Reporter] My name is Serata from KYODO News Service. I would like to ask Foreign Minister Muto about the bilateral aid announced during the meeting, especially about Japan's bilateral aid. During the meeting, Japan announced over $1.8 billion worth of bilateral aid, which is second largest to that of the United States. For many years, Japan has had a dispute with Russia over the northern territories. To cope with this issue, Japan has adopted the principle of expanded balance which requires that economic cooperation should be promoted in accordance with progress in talks on the territorial issue. Nevertheless, the government has decided on a large amount of bilateral aid. Does this mean that Japan has abandoned the principle? If not, is the government expecting an improvement in political relations with Russia befitting the amount of bilateral aid?

[Muto] I think that what we mean by expanded balance is to guide movements in both the economic and political fields in such a way that they will be able to engender beneficial effects on both sides. Japan will continue to steadily promote cooperative ties between the two countries, particularly in the area of economics. At the same time, Japan hopes to promote a process of settling the territorial dispute and concluding a peace treaty. Therefore, the point is not whether or not the principle of expanded balance should be reviewed. What is important is that Japan, in cooperation with other G-7 countries, should do as much as it can to help Russia in achieving democracy, establishing a market economy, and promoting coordinated diplomacy based on law and justice. There might be different opinions about the size of Japan's bilateral aid, but as a G-7 member nation, Japan did what it could do.

[Moderator] Next question, please. Sir, please.

[Reporter] I am Itagaki from the NHK Economic News Department. I would like to ask Finance Minister Hayashi some questions. The G- 7 provided the new aid package as the previous aid package decided on at the Munich summit did not work well. In this connection, do you think that money from the new package will actually flow smoothly into Russia? What is the Russian side supposed to do to make the most of the new package? Also, does Japan have any plans to offer additional bilateral aid programs?

[Hayashi] Some of the answers are written in the chairman's statement passed to you. As we have two Russian ministers as our guests right now, we will have further discussions to finalize tangible measures and procedures which are difficult to indicate in a paper. I think that the new package should be finalized so that it can be fully implemented. Concerning your question on the possibility of additional aid programs, I would like to obtain your understanding of our standpoint that our bilateral aid is as it was already decided. As we have already announced, the amount of Japan's bilateral aid is $1.82 billion. We would like you to understand that this is the best we can do for the time being.

[Moderator] Next question, please.

[Reporter, in English] Paul Blustein from the WASHINGTON POST. A question for Deputy Prime Minister Fedorov: Can you tell us in some specific way, why we should be sure that the Russian Government will able to have some sort of control over the central bank and the extension of credit that has gone on there?

[Fedorov] We have had certain results in this particular field, with the central bank recently agreeing to adopt the credit ceiling which we have been proposing for the second quarter. Three deputy governors of the central bank extended credits the second meeting of the government countersigned this decision. [sentence as heard] Recently, the central bank raised the discount rate, and made a few other steps toward close integration of their policy with the policy of the government. Of course, there is no absolute guarantee of anything. But we are putting on, I think enough pressure, and we have support of our president in this particular field. And we have support from the international community. Because whatever the central bank accounts in Moscow to the minister of finance, I think we will find understanding and the probability of changing the policies of the central bank in the right direction is quite high. [sentence as heard] We also expect that favorable results of the referendum on the 25th will contribute to the strengthening of the executive power and divergence of opinions with the central bank will be sorted out.

[Moderator] Next question, please. You, with glasses, please.

[Reporter, in English] Charles Ledbetter from THE FINANCIAL TIMES. My question is addressed to Mr. Hayashi and Deputy Prime Minister Fedorov. Could you just clarify what new has been added at this meeting? Fifteen billion dollars comes from the Paris Club debt rescheduling, and $10 billion is of export credit guarantees which seems to be a hope rather than a promise. And $6 billion is a reaffirmation of commitments made last year, which makes $31 billion which does not look like new money but merely reaffirmed or hoped for money. So what new has been added at this meeting, and why was the U.S. proposal for privatization funds not been agreed and do the Russian representatives believe that such a fund is a necessary ingredient in promoting reform?

[Moderator] Finance Minister Hayashi, please.

[Hayashi] I am not really sure what new money means, but the $15 billion is provided as rescheduling of Russia's external debts—this means Russia does not have to immediately pay back its debt. Regarding credit guarantees, the $10-billion quota was indicated as the sum of individual nations' target figures, and these guarantees should be implemented through future negotiations. Please be informed that the offer of credit guarantees does not mean that we have a provided fund to be given all at once. Concerning the privatization aid issue, the need for G-7 support for Russian privatization efforts is indicated in the statement passed to you, but it is still an indication of a general policy because we have to further discuss tangible measures. The G-7 accord on the privatization aid issue is that the G-7 will keep studying and working on this issue.

[Moderator] Deputy Prime Minister Fedorov, please.

[Fedorov] I have already stated that the figures are not so important as the concrete measures, and in any case, adding up all the things that are in the package is not truly a scientific way of calculation, because, obviously, debt rescheduling is quite different from investment loans, and so on.

I would disagree that there is nothing new. As I said, the IMF special facility is a brand new thing, and a clear commitment of the G-7 countries to this facility is a very important step. As well as, for instance, clear-cut commitment to the standby credits from IMF to the tune of $4.1 billion. It is quite useful to have that position starting negotiations with IMF on concrete loans. The small business facility is a brand new thing which did not exist before.

On the $10 billion in extra credits, it is not really wishful thinking. There are concrete steps toward these figures, and we are in negotiation with various countries. For instance, with the United States, Ex-Im [Export-Import] Bank will make a step forward in negotiating $2 billion facility, as well as with several other countries, where the extra credits are negotiated. So, I think there is a positive and very concrete element in the package, although, of course, the simple adding up of things is not the right way of calculation.

We definitely support the American initiative on the privatization and restructuring funds. As it was said previously, the question of privatization will be investigated, and there is a working group of G-7 which will be formed, so that probably, by the G-7 summit in Tokyo in July, we will have a much clearer view on this issue. Probably this facility will be supported.

But, in general, I think it would be an underestimation of the importance of the commitments and the very clear points of view of G-7 countries on various subjects in a comprehensive way, in one place, all together, rather than saying that only new money, or just concrete loans and grants should be discussed. And as I said before, we view this as the important step forward, and we will go on detailization of the package, and trying to discuss other forms of assistance which will be definitely practical, visible, and credible from the point of view of their impact on our reforms [sentence as heard].

[Moderator] Time is very limited. We have only one or two minutes left. We would like to have a short question. The gentleman raising his hand holding a piece of paper. This will be the last question.

[Reporter] I am Yamamoto from HOKKAIDO SHIMBUN. I would like to ask Foreign Minister Kozyrev a question. When you met Prime Minister Miyzawa yesterday, you said that efforts toward resolving the noRthern territories issue, and improving and normalizing relations between Japan and Russia are very important. Regarding the northern territories, I think it was last fall when President Yeltsin signed a presidential decree permitting the lease of land, or use of land in return for money, on the Kurils. If foreign companies engage in development on the Kurils, including the northern territories, how will this affect the solution of the pending northern territories issue?

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[Kozyrev] I think we have a clear understanding with the Japanese Government, and especially stemming from remarks by Prime Minister Miyazawa himself, that there is no linkage between the G-7 and bilateral agenda. This paves the way for cooperation on both tracks that is the G-7 and Russia, and Russia and Japan are improving their relations. I think we are on the right track where the Japanese Government and we are looking for a new approach to those relations. And, we restart the preparations for President Yeltsin's visit to Japan. I think we do appreciate the package announced by the Japanese Government as part of the general effort to cooperate with Russia. So, I would rather not, at this press conference, go into details, but I would assure you that we have a very positive feeling toward the future of our relationship. Of course, it includes the whole range of issues. And between them, the so-called territorial problem. But what is important is that today's problem does not overshadow the big prospectives of cooperation between two major players and major countries in Asia, and on the international scene. I would like to mention also that it is probably advisable for journalists to look not only into this set of figures, but into the text of the communique issued by the G- 7 meeting today, where such important notions, for the first time probably, are put in unambiguous and very clear language as facilitating and creating possibilities for Russian goods to compete on the international markets; and also programs of investments in the Russian economy. So those are things which are tremendously important not only from the point of view of help to Russia, but also from the point of view that Russia is a major country with a tremendous economic and technical potential. It really joins the international economy as an equal partner. I draw your attention also to very important new elements in the outcome of this meeting. Thank you.

[Moderator] It is time to conclude this news conference. Thank you very much.

Cambodia

Khieu Samphan: Elections 'Plot' by West

BK1504080993 Hong Kong FAR EASTERN ECONOMIC REVIEW in English 15 Apr 93 p 23—FOR OFFICIAL USE ONLY

[Text] The Khmer Rouge, locked in an increasingly bitter war with the UN, has vowed that violence and instability will worsen in Cambodia and pledged to prevent the planned elections from being held in late May.

In an exclusive interview with the REVIEW, Khmer Rouge President Khieu Samphan said the elections were a plot by Western powers to destroy his guerilla faction. He called for the polls to be abandoned in favour of the creation of a national reconciliation government led and formed by Cambodia's titular, if powerless, head of state Prince Norodom Sihanouk.

"We cannot participate in the electoral campaign or the 'Untaciste' [a reference to the UN Transitional Authority in Cambodia, or Untac] elections," Samphan said in a two-hour interview at the Khmer Rouge compound in Phnom Penh on 3 April.

"The Cambodian people are in a very angry mood," Samphan said. "If the Western powers do not change their position, there is no other choice for the Cambodian people but to show their anger at the Western powers. There will certainly be more incidents, such as the launching of hand grenades against the Vietnamese in Phnom Penh. We can foresee that the situation will get more unstable, more insecure, more confusing. The popular movement against the Vietnamese will increase. There will be more attacks."

Samphan continued: "Untac is in a very advanced stage, they cannot retreat [from the elections] . . . So they will certainly go ahead blindly. But they are certainly going to meet complete failure . . . What are we going to do [in the run up to elections]? This is a matter that lies squarely with Untac and the Western powers. Are they going to continue their policy to eliminate the Democratic Kampuchea [DK, or Khmer Rouge] party? If there are four Cambodian parties [in a future government] the DK party will be among them, and there will be peace in Cambodia."

The warning to abandon the polls or face a renewed war comes as Cambodia's political stability plunged ahead of the formal start of the election campaign on 7 April. Since late March, Khmer Rouge-sponsored violence in the countryside and a series of coordinated bombings in Phnom Penh have triggered an exodus of thousands of ethnic Vietnamese from Cambodia. In addition, deliberate attacks on Untac forces have, for the first time, killed a number of UN soldiers.

Untac investigators blame the Khmer Rouge for much of the violence, but popular discontent over the collapse of the economy and local currency—coupled with widespread anti-Vietnamese sentiments—have allowed the faction to exploit popular scepticism over the elections' role in bringing stability to Cambodia.

Official corruption by the State of Cambodia (SoC) regime, a coordinated campaign of political violence and intimidation orchestrated by hardline communists who control its Peoples' Party, and anger over Untac's weakness in providing economic and political security have left the country splintered, analysts say.

In an address to the four faction leaders—including Samphan—on 4 April, Untac chief Yasushi Akashi reiterated his intention to go through with elections despite the violence. While he acknowledged that conditions to hold the elections were "not perfect," he said they never had been and never would be.

Despite Akashi's renewed commitment on the elections, many diplomats and other observers in Phnom Penh believe that even if they are held it is unlikely that a stable government will emerge. Apart from the probability that the opposing parties would not accept the results, they said Sihanouk may attempt to form a government of national reconciliation following a post-election period of instability.

This is the option favoured by the Khmer Rouge. "We support fully the efforts of [Sihanouk] who has put forward a plan which is a solution to the current crisis, yet Untac and the Western powers oppose it.

The next few weeks are likely to see a battle for the allegiance of the major opposition parties who remain in the election. According to senior officials in both major opposition parties—Prince Norodom Ranariddh's pro-royalist Funcinpec [National Unified Front for an Independent, Peaceful, Neutral, and Cooperative Cambodia] and Son Sann's Buddhist Liberal Democratic Party (BLDP)—are split on the question of whether to take part in the election campaign.

Both parties, which were in loose alliance with the Khmer Rouge and Sihanouk during the war against the Vietnamese and the regime they installed, have been victims of widespread attacks conducted by SoC security agents that has left more than a hundred of their officials dead or wounded, UN investigators say.

"This election will be a bloody one. Some of our people want to go back to the jungle to fight, to join hands with the Khmer Rouge because there is no neutral political environment, no free and fair elections," BLDP Secretary-General Ieng Muli told the REVIEW.

The REVIEW has also learned BLDP President Son Sann has said he wants to abandon the elections because his party will be unable to campaign under such conditions. But the BLDP and Funcinpec have been told by their foreign backers that they will receive no more funds if they withdraw.

The key to whether the polls are held now rests with Funcinpec, as analysts believe its withdrawal would spell the end of the election process. Many also say that if the elections were free from intimidation, Funcinpec would oust the SoC.

The results of the election remain the determining factor of what future role the Khmer Rouge will play in Cambodia. "How much Funcinpec or SoC get in the election will determine whether the [Khmer Rouge] are dealt with politically or militarily in the future," a senior UN official said.

While Funcinpec has promised to hand over power to Sihanouk and include the Khmer Rouge in the event the party forms the next government, the official warned: "If SoC wins, there will be war."

Japan

Miyazawa Urged To Raise Okinawa Base Issue

OW1004103793 Naha RYUKYU SHIMPO in Japanese 9 Apr 93 Evening Edition p 1—FOR OFFICIAL USE ONLY

[Text] During a session of the cabinet on 9 April, Shuji Kita, director general of the Hokkaido and Okinawa Development Agency, told Prime Minister Miyazawa that the House of Representatives' Ad-Hoc Committee on Okinawa and Northern Problems held a session on 6 April to discuss the return and scaling back of U.S. military bases in Okinawa; the participants in the session expressed hope that "you will discuss the issue with the U.S. side when you visit Washington." In response, Prime Minister Miyazawa said: "I understand."

During the session, Mr. Kosuke Uehara from the main opposition Social Democratic Party of Japan raised the issue of returning and scaling back U.S. military bases in Okinawa, requesting that Director General Kita ask the prime minister to discuss the issue with the U.S. during his visit to the United States. Answering the question, Director General Kita said: "I will convey what you have requested to the prime minister."

Commenting on the request from the ad-hoc committee, Yukio Sato, chief of the North American Affairs Bureau of the Foreign Ministry, said: "I cannot say whether the prime minister will raise the issue during his visit to the United States, but the prime minister keeps in mind the importance of the issue."

Prime Minister Miyazawa is scheduled to visit the United States from 15 April to 18 April.

U.S. Demands Auto Parts Buying Plan Expansion

OW1504042593 Tokyo NIHON KEIZAI SHIMBUN in Japanese 11 Apr 93 Morning Edition p 3—FOR OFFICIAL USE ONLY

[Text] It has been revealed that the U.S. Government has requested the Japanese Government to extend and expand the Japanese automakers' plan to procure U.S.-made auto parts. The target goal in the current plan is to buy $19-billion worth of U.S. auto parts during fiscal 1994. The U.S. Government demands that the amount of procurement be increased and the plan be continued even after fiscal 1995.

Since the U.S. side has now come to take a stronger position on considering the plan as a "commitment," the Japanese Government intends to refuse the request for talks on the issue. However, it has become increasingly clear that the U.S. Government places considerable significance on the auto parts issue.

U.S. Commerce Secretary Ronald Brown made the request for extending and expanding the auto parts procurement plan when Yoshiro Mori, minister of the Ministry of International Trade and Industry [MITI], visited the United States in late March. Secretary Brown reportedly said to Minister Mori: "We would like Japanese automakers to draw up a plan to procure U.S-made auto parts even after fiscal 1995, and to buy more parts."

At the Japanese-U.S. summit talks held in January 1992, the Japanese side indicated to the U.S. side that, as a voluntary target goal, Japanese automakers will "procure $19-billion worth of U.S.- made auto parts during fiscal 1994." The projected target includes both the amount of parts procured locally by U.S.-based Japanese automakers and the amount of Japan's imports. However, the actual amount of procurement was $9 billion in fiscal 1990, $10.5 billion in fiscal 1991, and remains at $6 billion for the first quarter (April-September) of fiscal 1992. Thus, it seems quite difficult to attain the fiscal 1994 target.

Considering the procurement plan as a "Japanese commitment," the U.S. Government has demanded in the past that the fiscal 1994 target be attained. However, the request for extending and expanding the procurement plan was made for the first time. During talks with the Japanese Government on the market liberalization issue, the U.S. Government clarified its stance of "attaching importance to the results." For example, it is studying plans to set targets for the share of foreign-made products in the Japanese market. And the request for extending and expanding the auto parts procurement plan has been made in line with this trend.

The Japanese Government plans to reject negotiations with the U.S. Government on the procurement plan based on the following reasons: (1) The procurement plan drawn up in January 1992 is only an exceptional measure aimed at preventing the expansion of trade frictions; and (2) it will be difficlt to persuade Japanese industries to agree to the U.S. demands. While it is expected that the U.S. Government will bring up the market liberalization issue for discussion at the Japanese-U.S. summit talks on 16 April, MITI has explained to Prime Minister Kiichi Miyazawa its stance that "the auto-parts procurement plan indicates a voluntary target goal, not a commitment."

MITI Publishes Open Market Pamphlet for U.S.

OW1204141993 Tokyo NIKKEI KEIZAI in Japanese 9 Apr 93 Morning Edition p 5—FOR OFFICIAL USE ONLY

[Text] The Ministry of International Trade and Industry [MITI] has published an English booklet entitled "Legend and Reality" specifically with U.S. readers in mind. The booklet states that the legend circulating in the United States about Japan's closed market is wrong; with the aid of charts and figures, it maintains that the Japanese market is in fact open.

MITI is aware the Clinton administration views the closed Japanese market as a cause of the U.S. trade deficit with Japan. Therefore, the pamphlet will be distributed to those who are connected with the U.S. Government, at times such as the visits of senior MITI officials to the United States.

Tokyo 'Expected' To Strengthen Ties With U.S.

OW1304122293 Tokyo YOMIURI SHIMBUN in Japanese 8 Apr 93 Morning Edition p 1—FOR OFFICIAL USE ONLY

[Article by Political News Department reporter Taijiro Yamamoto; first in a three-part series entitled "Prelude to Tokyo Summit;—G-7 Tokyo Talks and Miyazawa's Trip to U.S.": "Japan and U.S. in a 'Tug of War' of Competition and Cooperation"]

[Text] Beginning first with the foreign and finance ministerial meeting of the G-7 (seven industrialized nations) to discuss aid to Russia, then followed by the Japan-U.S. summit talks (slated to be held in Washington on 16 April), full-scale movement toward the July summit meeting (Tokyo summit) of developed nations is about to get underway. Although all countries are struggling to help form the new order of the post cold war period, its outlines are yet to be defined. Amid this, the responsibility of Japan—which will chair the summit—has become heavier than before.

Michio Watanabe, who had supported the Miyazawa government as deputy prime minister and foreign minister, resigned from the cabinet due to ill health. At the beginning of 1991, Mr. Watanabe was very eager to settle the northern territorial issue, saying: "I would like to bring an end to the northern territorial issue during my term of office." At that time, the prime minister also expressed his confidence, saying: "I have a feeling the territorial issue will be settled."

More than a year has passed since then, and the situation has changed considerably. The government disclosed its plan to treat an invitation for Russian President Yeltsin to attend the Tokyo summit as separate from bilateral issues, including the territorial issue. While the developed countries are expressing their support for Moscow as the situation in Russia becomes tense, Japan is being driven into a situation where it will be difficult to bring up the issue of the "territories."

It seems such circumstances surrounding the territorial issue reflect changes in the international situation, which has all too soon become unstable and fluid following the end of the cold war.

Initially, Prime Minister Miyazawa must have envisaged the following diplomatic strategy: "Before the May national holidays, the first summit talks with U.S. President Bill Clinton should be held to initiate a new Japanese-U.S. relationship. During the talks, Japan will disclose its economic stimulus package, which will help rectify the trade imbalance between the two countries. At the same time, as the host of the July Tokyo summit, Japan will confirm cooperative relations between Tokyo and Washington to ensure the summit's success." Nevertheless, because of the aggravated situation in Russia, Japan was compelled to hold an emergency G-7 meeting in Tokyo to discuss aid to Russia. Soon it also had to promise to invite Russian President Boris Yeltsin to the Tokyo summit. According to a senior Foreign Ministry official, in this way "Japan's scenario was scrapped."

However, Miyazawa does not seem unhappy with the development. According to sources close to Miyazawa, he seems to think that "since the primary objective of the G-7 ministerial-level talks in Tokyo is basically to send a message about Russian aid, Japan will be able to manage the talks within the principle of expanded equilibrium [promoting economic cooperation in accordance with progress in talks on the territorial dispute]." Regarding Japanese measures to expand domestic demand and stimulate the economy, which will be high on the agenda at the summit talks, Miyazawa said: "If I think these measures are the best, (President Clinton) certainly will be satisfied with them." This indicated his full confidence in Japan's policies.

Meanwhile the United States, which has suffered an almost $50 billion deficit in trade with Japan, views Japan with a more critical eye than ever. Yukio Okamoto, an international business consultant (and formerly chief at the Foreign Ministry's First North America Division) analyzes: "Following the end of the cold war, Japanese-U.S. relations have changed in terms of quality. Americans have begun to say: 'A threat no longer exists for the United States in politics, military, and values. The only threat is an economic threat from Japan.' In such a situation, it will be difficult for the two leaders to establish friendly relations."

The Clinton administration has placed top priority on the revitalization of the U.S. economy. With its emphasis on "economic results," it has increased pressure on Japan to expand domestic demand, which it expects will lead to the expansion of U.S. exports to Japan, and to indicate specific economic targets such as those in the semiconductor agreement. According to the Foreign Ministry's First North America Division, it is feared "the U.S. Government might begin engaging in managed trade."

At the U.S.-Russian summit talks, President Clinton supported Japan's position on the northern territorial issue. However, according to sources close to Miyazawa, this can be interpreted as "a message that since America has not forgotten the territorial issue, Japan should provide aid to Russia and increase its domestic demand." Ambassador to the United States Takakazu Kuriyama said: "In Japanese-U.S. history, which began in the 16th century when a U.S. black ship first arrived in Japan, this is the first time Japan has been asked to balance cooperation and competition." In such a situation, the two countries are pressing each other. Regarding the upcoming Japanese-U.S. summit talks, sources well versed in Japanese-U.S. relations pointed out: "In the current situation in which the international community has moved to establish a new world order, it is important for Japan to express its views. Unlike in the past, Japan has been asked to do more than just say that 'it is a member of the Western liberalistic camp.'" Japan is now expected to strengthen "relations with the United States." At the same time, it is expected not to exclude other countries, but to include them in Japanese-U.S. relations.

Tokyo Names New Ambassador for GATT Issues

OW1304055193 Tokyo NIHON KEIZAI SHIMBUN in Japanese 13 Apr 93 Morning Edition—FOR OFFICIAL USE ONLY

[Received via Nikkei Telecom Database]

[Text] The Ministry of Foreign Affairs decided on 12 April to appoint Nobutoshi Akao as ambassador-at-large in charge of international trade and economic issues, with the GATT's multilateral trade negotiations (Uruguay Round) as his special responsibility. The appointment will be announced officially on 13 April. Akao will continue to hold the post of ambassador-at-large in charge of global environment and Asian-Pacific issues for the time being.

Involvement in Economic Expansion of Asia Urged

932A0148A Tokyo SHUKAN TOYO KEIZAI in Japanese 6 Feb 93 pp 50-55—FOR OFFICIAL USE ONLY

[Article by Goro Ono, Saitama University professor: "Introduction to Western Pacific Superbelt Region—Japanese-Style Development as Locomotive for World Economy"]

[Text] *Attention is now being focused on the Western Pacific region, including the South China economic sphere which is undergoing rapid expansion now, the Russian Far East region where future expansion can be expected, and Vietnam. Japanese-style economic models are considered highly appropriate for development purposes and Japan's cooperation is being sought.*

Increasingly comments are being heard on the rapid economic expansion of South China, centered around Hong Kong and Guangdong province, together with comments on the increasing importance of the Western Pacific Asian region, including its contiguous areas. On the other hand, the concept of a Far East free trade zone is a proposal of high importance and an economic concern for Japan, despite the difficult issue of the northern territories. Additionally, the lifting of sanctions against Vietnam by the United States has triggered profound interest from many quarters concerning the underlying potential of Vietnam based on its abundant manpower and underground resources. Moreover, these issues are all intimately related with Japan and could determine the future of Asia as a whole. They are also recognized as being closely interrelated.

A review of the Western Pacific in sequence from the north reveals (1) the Russian Siberian region which has rich natural resources, but is suffering from a shortage of labor, financial, and material resources; (2) South Korea, Taiwan, and Hong Kong which have industrial capabilities, but have limited markets and are somewhat lacking in technical capabilities; (3) China which has abundant manpower resources, but a shortage of financial and technical capabilities; (4) Vietnam which is endowed with natural resources and manpower, but is suffering from a shortage of financial and technical resources; (5) and ASEAN which reflects a blending of such elements. That region as a whole can play an ideal partnership role with Japan which lacks natural resources, but possesses financial and technical resources and experience. And, the extension of economic elements lacking in these regions will enable Japan to exercise its international obligations.

Western Pacific Region Demands Attention

If Japan continues to think in terms of its insular mentality, despite the fact that it has become an economic giant and issues must increasingly be considered on a worldwide scope, Japan will clearly miss the opportunity to join in the economic expansion of this region. Moreover, such a stance could delay regional expansion which awaits Japan's participation as the new locomotive for the world economy in the 21st century, and could very well extend the current structural stagnation of the world economy.

To begin with, if the following external factors are considered, Japan has no choice but to place increasing importance on relationships with the Western Pacific region.

(1) The instability of the domestic situation in the United States and its diminishing capability to enforce deterrence based on its superior strength: Japan should exercise the option of moving to a greater multifaceted diplomacy, rather than an approach that may be considered "alienated from the United States." In taking such an approach and seeking another major partner equal to the United States, Japan has no better choice than to establish such a relationship with the Western Pacific region.

(2) Domestic instability in China and Russia: Prevention of any adverse impact of such instability upon Japan will require the cooperation of Japan in attaining stability in both nations. Such cooperation must be carried out in a cautious way to avoid the creation of hornets nest of excessively strong nations, thus making it more desirable to fashion multilateral cooperative relationships rather than bilateral arrangements.

(3) Unification and stability of Asia: The instability of Asia would affect the security of Japan. Japan must avoid any situation in which it will be isolated from the unification of Asia, which will be the basis for its stabilization, by being too considerate of the United States. In that respect, this concept can be considered the best plan for forestalling any objection from the United States and preventing the isolation of Japan from the Asian mainstream.

(4) Unification of the European Community and formation of the North American Economic Sphere: Persistent advocacy of "free trade" and adherence to its opposition to the formation of economic blocs are logical positions to be taken by Japan which relies on foreign trade for its existence. However, in relation to the undeniable progression in the formation of economic blocs, Japan must think in terms of joining in the blocs being formed by China and Russia, nurturing the capability to deal with such blocs and preventing a further growth in the bloc concept.

At this point, I would like to propose a unified development, using Japanese-style development methods, of the Western Pacific superbelt region, starting with East Siberia and the Far East, the Korean peninsula, the Chinese coastal sector, Vietnam, Singapore, and Indonesia. Japan's role should be that of "participant" or "proponent" rather than a "leader" and Japan must refrain from any words or actions that would reflect an impression of supremacy in the eyes of any directly or indirectly related nation, such as the United States. Even if such participation should lead to the formation of an "economic zone based on the yen," Japan should not advocate such an approach.

Value of Japanese-Style Development

The characteristics of Japanese-style development were based on market mechanisms that emphasized private-sector vitality, more efficient management of the markets using policy measures concerning tax and financial systems with "vision," and a gradual lifting of government intervention. Such an approach should serve as a good precedent for industrial development in the Western Pacific region with immature markets. Of special note is that sole reliance on naturally occurring market mechanisms by these nations which are now aiming for a transition from planned economies to market economies could very well expose them to the following abuses:

(1) Creation of Russian-style chaos: Even during the postwar chaos of Japan, a large black market economy existed which served as a basis for the creation of a real economy and economic recovery. On the other hand, one reason why such elements functioned positively was the existence of control under an official economy sustained by the occupation forces and the transition to a planned market economy. In that respect, conversion to a market economy on an unplanned basis, such as in Russia, causes the collapse of minimally necessary market order and needlessly promotes the proliferation of illegal activities.

(2) Creation of pollution and massive environmental destruction: Giving priority to industrial development without sufficient funding creates industrial pollution as was the case in Japan during the 1955 to 1965 period.

Such an approach runs the risk of directly affecting Japan as is the case occasionally with acid rain from the Chinese continent. On the other hand, the Japanese experience shows that the huge damage inflicted by industrial pollution can be handled on a more economical basis by preventive measures rather than on an after-the-fact basis which can cost more than 10 times more. In that sense, there would be great value in transferring know-how from Japan, which is reputedly the most advanced nation in terms of pollution prevention.

(3) Pursuit of short-term profits under commercial capitalism: Much of the capital not originating in Japan, such as that from overseas Chinese sources, consists of commercial capital and tends to work for short-term profits. However, such capital will not provide for continuous development on a long-term and efficient basis of this region which has considerable underlying potential. Even now, we can recognize the encountering of a kind of barrier in the NIE's [newly industrializing economies] and ASEAN regions.

(4) Lack of coordination in industrial structure: Lack of long-term planning and mutual coordination leads to mutual production of like products and the risk of duplicative investments and excessive competition as was the case with ASEAN automotive projects. Furthermore, lack of coordination also leads to failure in attaining the merits of integration which underpin the region as a whole. In that respect, we can recognize the effectiveness of postwar Japanese industrial policy which led to effective competitive measures. Accordingly, it is felt that industrial development of Western Pacific regions, which are still in an infantile structural stage, could benefit from such competitive Japanese-style methods of industrial policy coordination.

(5) Lack of coordination in infrastructure matters: The lack of perspective on an industrial structure for the region as a whole causes difficulties in the formation of the required infrastructure plan. The result is a situation where despite the outlay of valuable capital, we witness a wasteful situation of excessive investments in one kind of infrastructure and a concurrent lack of adequate investment in other infrastructure.

At this particular juncture, I would like to present detailed proposals in terms of possible Japanese cooperative measures for the Russian Far East region and Vietnam for which no such plans currently exist.

Concept for Development of Russian Far East Region

Japan cannot view social and economic chaos in Russia as something which is of no concern, for there is no telling when such conditions could affect Japan itself. Accordingly, the importance of the four Northern islands should be recognized as such for diplomatic purposes, but we must first take measures to deal with the chaos in Russia. And, even from the standpoint of direct Japanese security, it is desirable that we establish a beachhead in the form of an economically stable region in the border areas of the Far East and coastal regions.

On the other hand, the vastness of Russia renders impossible the simultaneous development and economic stabilization of the entire country, and I believe Japan, the United States, and the EC should share and cooperate in the development of strategic points and surrounding areas. Such a perspective would call for Japan to assume responsibility for the region east of East Siberia which is the closest to Japan.

Specifically, I propose that Japan and Russia cooperate in establishing a free trade zone (hereinafter referred to as the "Far East Russia Zone"), consisting of the Kurile Islands, Sakhalin, the Far East, and coastal area, actively promote investment with the participation of the NIE's, and take the following measures as a Russian version of a priority production system:

(1) We should establish the Far East Russia Zone as the processing and trade base for Siberian resources and provide special favored nation status for imports into Japan of products from the free trade zone. Next, labor shortages in the region can be augmented by manpower procured from China and Vietnam. Of special note is that while Vietnam can no longer depend on economic aid from the former Soviet Union and the East European sector and is experiencing economic difficulties, it has countless superior human resources who can speak Russian and many of whom are now unemployed, thus providing for an opportunity to kill two birds with one stone.

(2) Development of resources of the Far East Russia Zone should be undertaken jointly by the three nations of Japan, Russia, and the United States as a means to forestall any suspicions on the part of the United States, to provide for introduction of Japan's high-level technology, and to provide some assurance for success of the programs. Natural resources extracted will be shipped on a priority basis to processing and trade bases mentioned in paragraph (1) above. Furthermore, I do not advocate exclusion of the NIE's participation in these projects, but I feel that the capability to project resources to overseas areas should be directed first to the processing and trade bases and then to the development of North Korea and China.

(3) Profits earned by the Far East Russia Zone through natural resources processing and foreign trade should be reinvested on a priority basis in the development of Eastern Siberian natural resources mentioned in paragraph (2) above. At the same time some of the value-added gains from such activities should be invested in the entire Russian nation.

The adaptation of such an approach will spread the benefits of development and provide for the secondary effect of softening opposition to the return of the four islands on the part of Russian people, especially those in the Kurile and Sakhalin regions. Furthermore, this approach will enhance the degree to which natural resources are processed in Siberia and counteract criticism within Russia of "exploitation by foreign countries."

Cooperation on Vietnam Development Plans

In addition to abundant and superior human resources, Vietnam is endowed with a variety of natural resources, such as offshore oil fields and coal, with a high potential for development. Furthermore, its geographical position between China and ASEAN countries would indicate growing importance in terms of international politics and economic factors. On the other hand, the U.S. trade embargo is reportedly scheduled for early lifting which points towards restoration of official development assistance (ODA) projects and a sharp increase in private investments.

On the other hand, because Vietnam itself has lost access to aid from the Eastern bloc, it now depends on the West, especially Japan, for investments and has embarked on a market-opening policy. However, Vietnam has not taken adequate measures for acceptance of such investments and there is the risk that it will frustrate the eagerness of the West to invest in that country. Specifically, acceptance of investments from the West or ODA requires the preparation of macro development plans and micro land utilization plans as well as information (including data analyses, procedures, and organization) on the investment environment (including infrastructure, systems, and domestic conditions), but it appears that no work has been done in this area.

Furthermore, compilation and analyses of such information are indispensable for use as basic data for selecting and nurturing industries, an essential preliminary to the preparation of long-term development plans. Moreover, use of the know-how and capital resources of Japanese trading firms and general contractors will be required for the revitalization of the private sector, but excessive dependence on such imported projects will lead to development and expansion which lack overall coordination. It appears that ASEAN nations that have followed such a path have already encountered barriers.

However, in changing from a Vietnam-style socialist system to a market-oriented economy, the secret to success will be the avoidance of a precipitous Russian-style formula and the adaptation of a deliberate, phased transition. In that respect, Japan in the postwar era succeeded in moving from a controlled economy to a market economy on a planned and phased basis and it would benefit Vietnam greatly to research and learn from that experience. At this point, Russia and China are in the process of establishing contacts between ministries of trade and industry in an effort to introduce Japanese industrial policy. On the other hand, a look at the Vietnam situation reveals an ideal country population level of 60 million and the coexistence of a still potent communist leadership and an active black market economy—the existence of conditions which provide for the potential to convert to a planned liberalization of markets at a level incomparable to any existing in Russia.

Specifically, Japan can be expected to cooperate with Vietnam on the following items:

(1) A detailed survey to determine the current structural layout of natural resources and production facilities in Vietnam. That survey must be preceded by the compilation of a data survey and training of personnel.

(2) A study to determine the future industrial structure, including a comparative study between requests from Vietnam and the international situation, and organization of a system to precede that study.

(3) Preparation of a national development plan reflecting Japan's experience, considering the preceding items (1) and (2).

(4) Establishment of infrastructure, policies, and related organizations based on the foregoing plan, and implementation of investments and ODA by Japan.

Offer of Public Sector Assistance

As stated above, playing an active role will not only promote the interests of our nation, but serve to discharge Japan's international responsibilities as an economic superpower. In other words, such actions will signify economic expansion of this region, and the political stability and growth of the world economy are elements essential to the stability and growth of the world as a whole.

However, although such considerations have been excluded from the foregoing itemized discussions, it can be recognized that China and North Korea, as well as NIE's and ASEAN countries, still require the cooperation of Japan to a degree. Notwithstanding, NIE's expectations center on the opening of Japanese markets and in view of the current situation wherein imports of finished products are expanding, there is not much that requires further consideration. ASEAN countries have already attained a degree of independence. Furthermore, China has partnership relations with Taiwan and Hong Kong, while North Korea has partnership relations with South Korea, which means that there is no need for Japan to take independent initiatives. In that respect, the Russian Far East region and Vietnam cannot be expected to succeed with their development plans without some initiative from Japan. Naturally occurring or sporadic development could, on the contrary, lead to regional instability.

On the other hand, this article does not purport to exclude the United States or the EC from these regions. However, it would appear that the United States has its hands full with the world as a whole, especially Central and South America, the Middle and Near East and Central Russia, while the EC has its hands full with Eastern Europe, the Russian region of Europe and Africa. Under those circumstances, if Japan should

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choose to exercise its commensurate international obligations, it should give priority to those regions which are close to it geographically and historically.

Furthermore, the realization and christening of the Western Pacific superbelt region based on this concept should serve as a strong locomotive for the world economy as a whole. Additionally, the participation of military giants, such as China and Russia, should alleviate any fears that may exist internationally in terms of "Japanese supremacy."

Finally, as a symbol of affiliations of this region, I hereby propose the establishment of a Western Pacific Development and Technical Center in Hong Kong. The center would be responsible for research, design, and coordination of overall concepts, and would form a network with development centers in various countries and regions. Japan would play a central role in funding the center and network.

Muto Cautious Over Revising PKO Law

OW1204145393 Tokyo NIHON KEIZAI SHIMBUN in Japanese 9 Apr 93 Morning Edition p 2—FOR OFFICIAL USE ONLY

[Text] In an interview with NIHON KEIZAI SHIMBUN on 8 April, Foreign Minister Kabun Muto touched on the issue of revising the UN Peacekeeping Operations (PKO) Cooperation Law, stating: "It is still very important to make people more familiar with this law. Former Foreign Minister Michio Watanabe seemed to have the idea of moving ahead with the plan of revising the law. My view, however, is somewhat different from his. First, we must watch PKO activities in Cambodia with great caution in an effort to win our people's understanding. Then, what is important is to create a favorable atomosphere at home in order that our people can feel happy about PKO participation." In this way, Muto indicated his cautious approach toward the law's revision.

SDF To Go to Mozambique for UN PKO Mission

OW1204141793 Tokyo NIHON KEIZAI SHIMBUN in Japanese 4 Apr 93 Morning Edition p 2—FOR OFFICIAL USE ONLY

[Text] The Defense Agency [DA] and the Self-Defense Forces [SDF] have firmed up their tentative plans on handling the issue of the deployment of SDF transportation coordination units to join UN Peacekeeping Operations (PKO) in Mozambique. Among the actions to be taken are: (1) To complete selection of personnel by the end of this week and tentatively organize units, hopefully by 12 April; (2) to move up the date of dispatch originally scheduled for late May to the earliest possible date and send part of the units as an advance party to Mozanbique in mid-May; and (3) to make on-site preparations on the assumption that units will be deployed to Maputo, the capital located in southern Mozambique, and Beira in the central region, since it is likely that Bangladesh troops will be assigned to the northern region. Judging that it would be necessary to promptly hold consultations with the UN side, the DA and SDF have decided to send officers in charge to UN headquarters in New York on 4 May.

Originally, it was generally believed that the units would be deployed in late May. However, since the duties of the Japanese units involve coordinating the transportation of personnel and materials of units dispatched by other countries, the Japanese units "must arrive there before the arrival of units of other countries and be ready for them" (according to a government source). Therefore, the UN side has reportedly asked the Japanese side to deploy the units in late April or early May.

Although the DA believes "it will take eight weeks to complete vaccinations and other procedures," it has begun reviewing the issue with the intention of moving up the dispatch date to the earliest possible date. Plans are being worked out to send an advance party around 10 May and the main force around 20 May.

Meanwhile, since unit members are selected from various units all over the nation, except for several participants from the Ground Self-Defense Force Central Transportation Operations Unit (based in Yokohama), "these members will be organized into temporary units." Therefore, it was judged that "it would be necessary to organize the units earlier so as to instill good teamwork among the members" (according to a senior DA official). The units will be tentatively organized by 12 April, and then start full-fledged preparations. Since it is likely that knowledge concerning harbors and airports will become necessary at the sites where the units will be assigned, several members from the Maritime Self-Defense Force and the Air Self-Defense Force are also expected to join the units.

Automakers May Need 'Total System' Change

932A0149A Tokyo EKONOMISUTO in Japanese 2 Mar 93 pp 18-25—FOR OFFICIAL USE ONLY

[Article by Takahiro Fujimoto, assistant professor of economics at Tokyo University: "It Is Time for the Auto Industry To Aim for a Balanced, Lean Operating System—Mid- and Long-Term Issues Involve a Shift From Growth Policy"]

[Text] *The automotive industry is making a desperate attempt at navigating the recession. However, the industry probably needs to work towards a total system reform targeting the 21st century, rather than a near-term recovery.*

Recent talk concerning the domestic automotive industry amidst two consecutive years of domestic sales declines seems to be concentrated on the current drop in sales and deteriorating earnings. Some automakers are recording losses and are taking emergency measures, such as the reassignment of white collar workers to sales agencies on a loan basis. On the other hand, concern is being expressed over overseas reaction concerning intensification of trade and investment friction involving automobiles in connection with the change in the U.S. Government. Recently, several business ties between nonaffiliated companies have been announced among Japanese automakers and some quarters have referred to such actions as a move towards "industry realignments." A common characteristic of these topics is that they all began to manifest themselves suddenly in a short period since last year when the domestic automotive industry was conspicuously hit by recession.

It is certainly the case from the standpoint of industry sources and the mass media that the short-term concern is focused on what measures will be taken to cope with the immediate decline in sales. However, it would seem that the real major issue facing our domestic automakers in the future is not the short-term recession, but rather total system reform required for survival in the 21st century. Needless to say, mid- and long-term reforms for the future will not be possible without appropriate measures to cope with the current recession, but mere survival of the recession will not result in the resolution of pending issues. Rather, I believe the crucial test of survival will come during the next production-expansion phase. I intend to discuss this point in the following paragraphs.

Shifts in Discussions Concerning Auto Industry

This writer has participated in the preparation of a report concerning the mid- and long-term outlook of international competitiveness of our country's manufacturing industry since 1990 with a group of researchers of the Mitsubishi General Research Center, which included Akira Takeishi. My main area of concern was the automotive industry. The main report will be published by the end of the year under the title of "JICP Report" and I would like for the reader to refer to that report for details. The impression I got during the preparation of that report was that the focus of discussions concerning the domestic auto industry shifted rapidly during the past several years. In terms of major moves, the discussions underwent the following three phases:

(1) **Lean Production Theory.** Until 1990, discussions were optimistic—"the Japanese auto industry is strong"—reflecting favorable sales both domestically and internationally. Discussions of that nature reached a peak with the publication of the MIT International Automotive Program (IMVP) Report in the fall of 1990. This writer was indirectly involved in the preparation of that report, which while reflecting some exaggerations and simplifications, emphasized the strong competitiveness of the Japanese auto industry and indicated that that strength was based on the durability of a total system encompassing such facets as production, purchasing and development, known as the "lean production formula" (doctrine providing a new interpretation of a portion of the Toyota-type production formula.)

Because of its somewhat high-handed concepts certain European and U.S. automakers reacted unfavorably to the lean production theory, but today European and U.S. businesses, including German luxury car makers, have enthusiastically adopted lean production methods. However, the lean production theory was in a paper targeted primarily at European and U.S. businesses and it is true that it covered little beyond praising the status quo as far as Japanese businesses are concerned.

(2) **Post-Lean Theory.** During the final period of the bubble economy from 1990 to 1991, labor shortages in the automotive and automotive parts industry triggered a reexamination of the lean production formula. At that point, attention was focused on the dark side of the lean formula emphasizing customer satisfaction and competitiveness, such as the hard direct labor work on the assembly line, dependence on long work hours, circumstances which limited assignment to the assembly line operations of only those who were young or of pre-middle age categories, and excessive workloads imposed on technicians involved in developmental work. Of special note is that the Confederation of Japan Automobile Workers' Union actively tabled problem areas and proposed corrective measures concerning this area.

Remedial measures proposed focused mainly on the "establishment of appealing work places," and included shortened work hours, production lines designed to incorporate female and senior-citizen workers, extension of model durations, and easing of workloads of developmental technicians by reducing variations in models. Businesses have begun to respond to such proposals and new-age factories put into operation since around 1990 have all incorporated the concept of "factory designs respectful of human beings." Such moves can be interpreted as actions taken by businesses embracing post-lean or neo-lean methods.

(3) **Short-Term Pessimism.** However, as already observed, as the domestic auto recession of 1992 spreads, the debate concerning the auto industry has been leaning towards "flat" domestic sales and production, poor operating results of the makers, and industry realignments triggered by such developments. On the other hand, from an international standpoint, when President Bush visited Japan at the beginning of 1992, as part of the clamor on "action plans," automobiles became a political issue and U.S. industry's appeal to mass psychology and the excessive reaction on the part of a segment of the Japanese mass media combined to generate a pessimistic mood in terms of future Japanese business exports and overseas operations. The expanding Japanese trade surplus with the United States and the fact that about one-half of it consists of automotive exports serves as a background for the Japan-U.S. trade friction that still looms as an issue in connection with the U.S. Presidential election.

It appears that since 1992 the short-term pessimism based on newly emerging conspicuous factors displaced discussions on previously mentioned medium- and long-term systems. Even the automotive firms themselves reflect the tendency to decelerate their investment projects for new-age factories based on declining profits.

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Further, stagnation in the growth of Japanese auto market share in the United States and commentary on a near equalling of U.S. automaker competitiveness with Japanese cars have generated concern over the international competitiveness of Japanese cars. It appears that, even among a segment of domestic automakers, the idea has begun to surface that they must tighten their belts and embark on a renewed effort to strengthen their competitiveness.

However, I believe what is now required is not a short-term plan for coping with the recession or to improve operating results, but a debate on mid- and long-term system reform. It is definitely clear that adherence to the simple lean production theory reflected in paragraph (1), above, would not be of much value in the future. However, on the other hand, it appears that the total denial of the lean formula will not lead to a constructive debate.

On the other hand, reexaminations of Japanese-style systems as discussed in paragraph (2), above, give the impression that they are proper in terms of itemized discussions, but they tend to give the impression of self-serving, unilateral itemized discussions and the feeling that a pitfall exists in terms of a total system.

At any rate, options between lean and anti-lean theories do not serve a practical purpose. Rather, what is now necessary is a total system viewpoint encompassing the lean production theory, a blending of discussions on reexamination of the lean theory relative to competitiveness, growth and customer-comes-first concept with other factors and a systematic adaptation of those elements of Japanese firms concerning production, development and sales systems that are worthy of preservation, thus leading to a shift towards and soft landing for a balanced system responsive to the 21st century. (The previously mentioned JCIP report also bases its contents on the integration of the foregoing two theories.) I will now state my thoughts on the future of the automotive industry, based on the key concept of "shifting towards a balanced lean formula."

Flow of Pessimism

Before entering into a discussion on total system reform, I will first comment briefly on debates that have emerged since last year.

The first discussion will cover the debate on the major automotive recession. There is no need to mention that the current recession is a major issue for individuals in the automotive industry. However, in making applicable comments, if one were to isolate the current situation from the mid- and long-term perspective, he would have to mention that a more serious structural issue lies with the turbulence created in operating results and sales competition, based on an overall modest domestic demand drop of 10 percent or 800,000 units from peak levels. Incidentally, the U.S. auto market fluctuates over three million units.

To begin with, as long as automobiles represent a durable product whose demand cycles are associated with replacement cycles, it is only natural to experience fluctuations in sales and one must realize that straight-line rises in demands of the past were the exception rather than the rule. In terms of future long-term trends, since domestic sales growth will decline and much cannot be expected in terms of export growth, we should accept as logical fluctuating domestic production reflective of the ups and downs in domestic replacement demand.

That being the case, the industry cannot afford to engage in a price war in a panic to preserve market share each time it faces a downturn in the market. Needless to say, industry officials would like to see a sustained, stable growth trend, but we have passed the stage where systems can be devised on such a premise. On that particular point, systems in place in the past reflected the principle of a "lean formula premised on growth" and were responsive to changes in individual models and categories, but did not necessarily reflect flexibility in terms of cuts in overall production.

The second discussion will cover talk of U.S. companies catching up with Japanese companies. Much data definitely exists which suggests that U.S. automotive firms have cut down the leader of Japanese firms relative to several competitive factors, such as manufacturing cost, assembly line productivity, certain types of product quality factors, and development lead time. There is no mistaking the fact that U.S. firms have at least caught up with the Japanese on a partial basis. This is especially the case with manufacturing costs in terms of average unit production costs. Such improvements have been supported by events such as the high yen conversion rate of the 1980's, the slowdown in rises in productivity rates of Japanese firms, transfer of management know-how to Japanese factories in the United States and U.S. firms through Japanese-U.S. affiliations, and efforts on the part of U.S. firms themselves to learn and improve.

However, it may be premature to think that the above facts translate into a complete equalling of U.S. cars to Japanese cars in terms of competitiveness. The reason is that competitiveness is a multifaceted concept and is a factor where the ultimate decision is made by the consumer. As the consumer accumulates his exposure to various makes of cars and enhances his eye for appraisals, the standards for determination of competitiveness become complex and delicate.

As an example, in terms of the reliability index—essentially "will not break down"—which once served as a decisive factor in Japan-U.S. competitiveness, U.S. cars are now relatively close to Japanese cars, but it is said that that index is now "an inherent product quality" and that the focus of competitiveness determinations are now based on "appealing qualities." And, in general, there is no evidence that U.S. cars have caught up with Japanese cars in the latter respect. As long as such "vicious cycles" exist, even if we were to compare competitiveness under yesterday's yardstick and say the U.S. cars have caught up with Japanese cars, we cannot say necessarily that they have caught up in terms of overall competitiveness. This issue is highly prone to deteriorate into a subjective, futile debate, but this writer is of the opinion that U.S. cars have made significant progress in the past 10 years in closing in on the competitive advantage of the Japanese, but that on the average they have caught up only on a "partial basis."

The third discussion will cover talk of pessimism surrounding trade friction. In the case of large industries such as in the automotive sector, the impact of trade friction tends to be exaggerated because such friction is prone to evolve into inter-governmental negotiations and major coverage is provided by the mass media. Definitely existing now are many items of concern in terms of Japan-U.S. trade friction, such as the expanding trade surplus with the United States, installation of a Democratic administration, and operational problems at General Motors. And, in reality, friction concerning automobiles recently has arisen on an interminable basis in the form of anti-dumping litigation, Japan-U.S. structural talks, "action plans" initiated by the visit to Japan by President Bush at the beginning of 1992, and irrational arguments proposing overall restrictions in sales inclusive of exports and cars locally produced in the United States. However, as stated later, I believe there would be no value in evaluating the impact of trade friction alone in today's international automotive industry wherein competition, cooperation and dispute factors are intertwined in a complex manner. Certainly, systems such as voluntary restraints in exports to the United States exist on a semi-permanent basis, but even such self-imposed barriers have been overcome by the establishment of auto and auto parts factories in the United States.

If one were to view competition, cooperation, and dispute factors on a combined basis with competitive and cooperative factors playing a main role, trade friction (disputes) can probably be considered as having played a minor role. In other words, as stated later, the 1980's witnessed the intensification of international competitiveness and simultaneous building of a cooperative network and trade friction interrupted such basic trends requiring emergency actions. However, it would be difficult to say that it alone played a decisive role in the evolution of the international automotive industry.

The fourth discussion will cover realignment of the automotive industry. Talk of industry realignments indicating the survival of only eight firms throughout the world and three firms in Japan or a global oligopoly of automotive firms is something that has been repeated several times both domestically and internationally in the 1960's and 1970's. Our country has seen the formation of affiliations between Toyota, Daihatsu, and Hino in the 1960's and in terms of international company affiliations, we have seen them take place in the 1970's between companies in Europe and between Japan and the United States. And there has been a further acceleration of affiliations in the 1980's between firms in Japan and Europe, and the United States and Europe.

However, buyouts and mergers and joint ventures in which a company disappears have been surprisingly few with the exception of BL and PSA that took place in the 1960's and 1970's, and Alfa Romeo, Jaguar, and AMC that took place in later years. Moreover, in most of these cases, cars survived as brand names. Furthermore, about 30 independent or semi-independent firms still survive in the world as automotive makers, reflecting little change from the 1970's. In other words, the last quarter century has witnessed increasing complexity in the structural affiliations of the international automotive industry, but there has been no realignment in the industry that resulted in any significant attrition or oligopoly. There is talk that this time around, we will finally see such a reduction in numbers, but I think that the future will see still more global affiliations and only limited global attrition.

As stated above, I am of the humble opinion that neither the current recession nor trade friction or industry realignments will have a decisive long-term impact on Japanese or international automotive industries.

Trigger for System Reform

Next, let me shift the discussion to the debate on mid- and long-term total system reform aimed at the 21st century. I think that such system reform will be triggered eventually by the issue of relative shortages in labor. The labor shortage problem in the automotive industry which peaked at one time in 1991 seems to have definitely subsided in the current recession, but it is not an issue that has disappeared completely. Rather, I believe the industry still faces a vulnerable point in this respect in terms of the current lean formula (or the general production and development systems of Japanese makers) which has been considered a highly competitive tool. If the industry should err in responding to the labor issue and adheres to the current patterns, ultimately, there is the possibility that the Japanese makers' people-oriented systems, which sustained productive strengths, especially the worker multi-skill systems on the production lines, will collapse internally and destroy the superior competitive position of Japanese companies. I believe that a total system reform aimed at the avoidance of such a situation is one of the long-term issues facing the domestic auto industry as it approaches the 21st century.

To begin with, the lean or Toyota-style production system (strictly speaking, the two are different, but will be treated as synonyms in the following text as a matter of convenience) that we see today was gradually established on the basis of long-term stabilized high growth trends in production since the 1950's, stabilized supplies of young male labor with a low turnover rate, and an accumulation of learning and improvement efforts at work sites on the part of the various firms. As a result of

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G-7 Ends Tokyo Ministerial Talks on Russian Aid

Ministers Discuss Bosnia, Cambodia

OW1404063793 Tokyo KYODO in English 0627 GMT 14 Apr 93

[Text] Tokyo, April 14 KYODO—Group of Seven (G-7) foreign ministers covered a range of topics, including Bosnia, Cambodia and the Middle East during lunchtime discussions in Tokyo on Wednesday, sources close to the talks said. Russia, the focus of the special foreign and finance ministers' meeting which began in the afternoon, was not among the luncheon topics of the ministers from Britain, Canada, France, Germany, Italy, Japan and the United States. Representatives of the European Community also attended. Details of the talks were not available, but a Canadian official told KYODO NEWS SERVICE the ministers reviewed the Middle East peace process begun by U.S. Secretary of State Warren Christopher and covered the situation in Bosnia, including the need to focus sanctions and increase humanitarian assistance to Bosnian civilians.

On Cambodia, the ministers heard from Canadian Secretary of State for External Affairs Barbara McDougall, who stressed the need for the United Nations to stand fast against threats to free and fair elections. McDougall was in Phnom Penh and Kompong Cham last weekend and gave her personal assessment of the situation, sources said. On North Korea, the ministers discussed Pyongyang's decision to pull out of the Nuclear Non-Proliferation Treaty and what positions they might take on the issue at the United Nations.

Russia Welcomes U.S. Initiative

OW1404100393 Tokyo KYODO in English 0951 GMT 14 Apr 93

[Text] Tokyo, April 14 KYODO—Russian Foreign Minister Andrey Kozyrev on Wednesday [14 April] hailed a new U.S. aid package, calling it a good initiative. Kozyrev briefly commented on the new U.S. aid program before giving a speech about the state of his country at a Tokyo hotel where the Group of Seven (G-7) foreign and finance ministers were discussing emergency measures to support Russia's political and economic reform campaign.

U.S. Secretary of State Warren Christopher and Treasury Secretary Lloyd Bentsen officially unveiled the new aid program, which features a 4 billion dollar privatization fund and plans to help Moscow dismantle nuclear weapons. After his speech, Kozyrev and Deputy Prime Minister Boris Fedorov will join the G-7 ministers at a dinner given by Prime Minister Kiichi Miyazawa. The G-7 consists of Britain, Canada, France, Germany, Italy, Japan and the United States. European Community representatives are also attending the special ministerial meeting on aid to Russia.

German Ministers Welcome Tokyo Aid

OW1404141693 Tokyo KYODO in English 1346 GMT 14 Apr 93

[Text] Tokyo, April 14 KYODO—Germany's delegation to the emergency meeting on aid to Russia on Wednesday [14 April] praised Japan for its pledge of 1.8 billion dollars in aid for Moscow. The aid package is a favorable development in Japan's participation in the Group of Seven (G-7) effort to bail out Moscow, said German Foreign Minister Klaus Kinkel at a Tokyo press conference. The press conference came during the first day of a two-day G-7 meeting on aid to Russia.

Japan, which calls for the return of four Russian-held islands, has until recently been reluctant to provide Russia with a large amount of aid. German Finance Minister Theo Waigel said he welcomed Japan's pledge as evidence Tokyo was meeting its responsibilities in helping shore up the reform programs launched by Russian President Boris Yeltsin. Waigel said G-7 ministers need to make clear their support for Yeltsin because in Russia there is a serious confrontation between the reform-minded president and the legislature which is opposed to reforms.

Yeltsin barely survived an effort last month by his opponents in the legislature to oust him. He faces an April 25 referendum on his efforts to reform Russia's political system and economy. Kinkel warned that Yeltsin's opposition might not be limited to politicians, saying the Russian military, led by Defense Minister Pavel Grachev, was trying to play a role in politics.

Support for Russia Called 'Investment'

OW1404144793 Tokyo KYODO in English 1418 GMT 14 Apr 93

[Excerpts] Tokyo, April 14 KYODO—Foreign and finance ministers of the group of seven (G-7) nations agreed in talks Wednesday [14 April] that support for Russia ahead of a crucial national referendum is "an investment in the future," Japanese Foreign Ministry officials said. The officials said the G-7 ministers and European Community representatives also deemed it unnecessary to hold the July 7-9 summit in Tokyo of G-7 leaders earlier than scheduled as long as Yeltsin emerged victorious in the referendum.

The ministers shared concern about the prospect of Yeltsin losing authority in the wake of the poll, which centers on whether power should rest more with the reformist presidentor the conservative legislature. Russia's Congress of People's Deputies is dominated by former communists elected before the Soviet Union's demise in 1991.

"If the president were replaced, his successors would not likely be as earnest reformers as Yeltsin and would not likely continue his policy of harmonizing Russia's diplomacy with that of western countries," one official said in summarizing the ministers' views. [passage omitted]

European ministers placed importance on the need to provide assistance to ensure the safety of nuclear plants in the former Soviet Union, they said. Japanese Foreign Minister Kabun Muto was quoted as saying that in addition to aid in dismantling nuclear weapons in the former Soviet republics, money should be given to help Russia properly dispose of nuclear waste. He criticized the Russian practice of dumping nuclear waste in the Sea of Japan.

Later in the evening, Russian Deputy Prime Minister Boris Fedorov and Foreign Minister Andrey Kozyrev joined the G-7 ministers at a dinner given by Miyazawa. Fedorov and Kozyrev will be participating in a "G-7 plus one" session Thursday, where pledges of assistance are expected to be finalized.

Officials reported that at the banquet Kozyrev said he is optimistic that Yeltsin will prevail in the April 25 referendum. Kozyrev told Muto he had fruitful talks earlier in the day with Miyazawa, the officials said. The officials said Kozyrev had officially notified the prime minister of Yeltsin's desire to visit Japan sometime in May. The two agreed on the need to resolve a Russo-Japanese territorial dispute and fully normalize bilateral relations, they said. [passage omitted]

UK's Lamont: G-7 Keen To Aid Reform

OW1404151193 Tokyo KYODO in English 1502 GMT 14 Apr 93

[Text] Tokyo, April 14 KYODO—British Chancellor of the Exchequer Norman Lamont said Wednesday [14 April] the Group of Seven (G-7) industrial nations are committed to help Russia with its political and economic reform. "We are all very keen to help the process of reforms in Russia. We all recognize that we are at a critical moment in history," he told reporters.

Lamont is in Tokyo attending a two-day gathering of the G-7 foreign and finance ministers which opened Wednesday. He said the long-term development of the Russian economy and the structural reforms are "the best way" to demonstrate that President Boris Yeltsin's reform process is "irreversible."

But Lamont insisted it should be furnished to Russia through international financial institutions "on a conditional basis." He also said Britain announced an additional aid of 500 million dollars in credit guarantees and that it would double its technical assistance to about 180 million dollars. Asked about Japan's aid package for Russia, Lamont said, "the Japanese proposals on export credits and aid to Russia, I very much welcome them. And I think they are an excellent, major contribution."

Ministers Begin Talks on Aid Package

OW1504004193 Tokyo KYODO in English 0023 GMT 15 Apr 93

[Text] Tokyo, April 15 KYODO—Foreign and finance ministers from the Group of Seven (G-7) industrialized nations started talks with their Russian counterparts in Tokyo Thursday [15 March] morning on multilateral and bilateral aid to support Russian reforms. The G-7 ministers have gathered to hammer out details of an aid package to help Russian President Boris Yeltsin continue reforms which Prime Minister Kiichi Miyazawa said in his keynote speech at Wednesday's opening session face "tremendous challenges both politically and economically."

A U.S.-proposed 4 billion dollar privatization fund for Russia will top the agenda in the second day of the two-day ministerial meeting, along with bilateral aid plans by Japan, the U.S., Britain and Canada, Japanese Government officials said. Under the U.S. initiative, the new fund will be launched with investments of a combined 2 billion dollars by the G-7 countries and the remainder by the International Monetary Fund (IMF) and will be used to help privatize Russia's state-run enterprises, according to U.S. Secretary of State Warren Christopher.

But a source close to Miyazawa said he opposes the U.S. initiative because it is not clear where the funds will be used. The source said Miyazawa explained his misgivings in a telephone call to U.S. President Bill Clinton late Tuesday. Japan, which is chairing the ministerial meeting, pledged bilateral aid of 1.82 billion dollars Wednesday, including 1.1 billion dollars in trade insurance and 320 million dollars in grants to help Russia revitalize its energy industry and dismantle nuclear weapons.

Miyazawa, unveiling Japan's plan in his speech, urged the G-7 nations to provide "help for self-help" aid to Russia and give a clear message that it expects the Russian reforms to be "irreversible." The G-7 nations agreed there is no need to hold an emergency summit before the annual G-7 economic summit, scheduled for July 7 to 9 in Tokyo, until they see the results of the April 25 referendum in Russia, and left the issue to the sherpas, or the summit leaders' personal representatives, to address, a European Community (EC) spokesman said.

The "G-7 plus one" meeting is being attended by Russian Foreign Minister Andrey Kozyrev and Deputy Prime Minister Boris Fedorov, who will explain Yeltsin's fight against the threat of hyperinflation and reform efforts to create a market-oriented economy. Japanese Foreign Minister Kabun Muto and Finance Minister Yoshiro Hayashi, as joint chairmen of the meetings, are to hold a news conference with the two Russian ministers at Tokyo's hotel New Otani on Thursday afternoon.

At the start of the G-7 plus one talks, Muto told the meeting that the expected substantive discussions between the G-7 ministers and the two key Russian officials for reforms, Fedorov and Kozyrev, will contribute much to further development of cooperative relationships. Hayashi, calling the Tokyo meeting "historic," said in opening remarks that he expects "fruitful results" of the discussions to support Russia's efforts to promote reforms.

Members To 'Rally Behind' Yeltsin Reforms

OW1504035893 Tokyo KYODO in English 0349 GMT 15 Apr 93

[Text] Tokyo, April 15 KYODO—The Group of Seven (G-7) major industrialized countries agreed Thursday [15 April] to rally behind Russian President Boris Yeltsin's political and economic reform despite discord over a U.S. proposal for an aid package on privatization of state-owned Russian industries. But conflicting signals of support for the former Soviet republic emerged during a special "G-7 plus one" meeting between the group's foreign and finance ministers and their Russian counterparts.

Despite strong opposition from Japan, Germany, France, Italy and Canada to a new U.S. aid initiative that envisages a 4 billion dollar fund to help privatize Russian industry, British Foreign Secretary Douglas Hurd painted an optimistic picture of the extraordinary aid conference at a Tokyo hotel. He said the G-7 ministers have reached "consensus" on an aid package for Russia which would total over 30 billion dollars.

Hurd said aid package will be "visible and effective." But officials from other European countries and Canada as well as Japan, host of the Tokyo gathering, did not share his view on the U.S. initiative, saying it was nothing new.

Prime Minister Kiichi Miyazawa was quoted by a Japanese source as being be skeptical about the new U.S.-proposed package, which also features a program to help Moscow dismantle nuclear weapons. U.S. Secretary of State Warren Christopher and Treasury Secretary Lloyd Bentsen released the new package to help salvage Yeltsin's faltering reform drive, which has been handicapped by strong opposition from the conservative Russian legislature.

During the G-7-plus-one session, hurd said, Russian Foreign Minister Andrey Kozyrev and Deputy Premier Boris Fedorov sought support for small and medium-sized enterprises. On Wednesday, Kozyrev, in response to a reporter's question, praised the new U.S. aid initiative, calling it a "good" plan to support his country.

Christopher, Kozyrev 'Positive' on Talks

OW1504044093 Tokyo KYODO in English 0413 GMT 15 Apr 93

[Text] Tokyo, April 15 KYODO—U.S. Secretary of State Warren Christopher said Thursday the Group of Seven (G-7) ministerial talks on aid to Russia were "very successful." Russian Foreign Minister Andrey Kozyrev, emerging from his meeting with the G-7 ministers at a Tokyo hotel, said the G-7 aid package was "a step in the right direction." Russian Deputy Prime Minister Boris Fedorov said he also shares Kozyrev's positive assessment of the Tokyo talks, which are taking place just before an April 25 referendum on Russia's economic and political reforms.

UK's Hurd Advocates 'Visible' Aid

OW1504044193 Tokyo KYODO in English 0409 GMT 15 Apr 93

[Text] Tokyo, April 15 KYODO—British Foreign Secretary Douglas Hurd said Thursday that the Russian people are in need of "visible and effective" assistance from the Group of Seven (G-7) industrial nations. Hurd told reporters such aid should chiefly be channeled to small- and medium-sized enterprises in Russia. He also said Britain and its G-7 partners reached a consensus on the overall aid package totaling over 30 billion dollars to Russia.

The foreign and finance ministers of Britain, Canada, France, Germany, Italy, Japan and the United States met Thursday morning with Russian Foreign Minister Andrey Kozyrev and Deputy Prime Minister and FInance Minister Boris Fedorov to hear pleas for financial aid. Commenting on apprehensions that Western aid to Russia would not be used properly, Hurd said, "You see, no one is emphatic about the conditionality" of G-7 aid to Moscow.

"Conditionality is basically in the hands of the international institutions," he said at a news conference before attending a luncheon hosted by Japanese Foreign Minister Kabun Muto and Finance Minister Yoshiro Hayashi. Hurd also said it is "overwhelmingly likely" that embattled Russian President Boris Yeltsin will survive the April 25 referendum on power-sharing. He described Yeltsin as a leader with "considerable zest" for democratic and economic reform.

Members Fail To Endorse U.S. Fund Plan

OW1504055593 Tokyo KYODO in English 0526 GMT 15 Apr 93

[Text] Tokyo, April 15 KYODO—The Group of Seven (G-7) leading industrial countries failed Thursday to endorse a new U.S. aid initiative for Russia, and also refused to specify how much aid they agreed to give Moscow at their emergency meeting on aiding Russia in Tokyo. Tadao Chino, Japan's vice finance minister for international affairs, said the finance and foreign ministers of the seven industrialized democracies agreed they would continue to study the American proposal.

The U.S. Wednesday proposed creating a 4 billion dollar fund to help privatize Russia's large state-owned industries and dismantle its nuclear arsenal. Earlier in the day, Canadian and Japanese officials at the talks said that five of the G-7 nations—Canada, Japan, Italy, Germany and France—opposed the U.S. plan, saying it was not clear how the money would be spent. One source close to Japan's Prime Minister Kiichi Miyazawa said the premier was very skeptical about the proposal. Of the G-7 members, only Britain and the U.S. backed the plan.

Chino also said the G-7 decided not to mention the specific aid figure because of the lesson learned from the Munich economic summit last July when the G-7 leaders agreed on a 24 billion dollar aid package for Russia. A substantial portion of that package has yet to be disbursed because Russia allegedly was not prepared to spend the money properly.

Although the final statement from the meeting will not specify how much aid is going to Russia, more than 5 billion dollars in new aid was pledged Wednesday and Thursday, bringing the total multilateral package over the past year to about 43 billion dollars. The total includes a 6 billion ruble stablization fund and the rescheduling of 15 billion dollars of Russia's external debt due in 1993, which was agreed on at the Paris Club meeting of 19 creditor nations April 2.

Chino said, however, that the 43 billion dollar figure is "misleading," because it indicates only a ceiling and could be altered by different conditions. The G-7 wraps up its meeting Thursday afternoon, after debating plans to help shore up Russia's collapsing economy and support Russian President Boris Yeltsin.

Despite the apparent disagreement on the U.S.-proposed fund, Japanese, U.S. and Russian delegates to the meeting said it had been successful. Finance Minister Yoshiro Hayashi said Japan believes Russia will respond well to the new aid package, which adds more than 5 billion dollars to the money pledged last year. U.S. Secretary of State Warren Christopher also characterized the Tokyo aid conference as "very successful."

Russian Foreign Minister Andrey Kozyrev said the new package was "a step in the right direction." Russian Deputy Premier Boris Fedorov concurred in Kozyrev's assessment of the "G-7 plus one" talks held earlier Thursday between the G-7 and Russia. The aid may help decide Yeltsin's fate. He faces a crucial referendum on his career and his reform efforts on April 25.

The U.S. aid initiative is expected to be on the agenda of Prime Minister Kiichi Miyazawa's talks in Washington with President Bill Clinton on Friday. But Canada and the European members were less diplomatic, blasting the U.S. plan as being "nothing new." "We are willing to talk" but money is not forthcoming, a Canadian official said. A senior European Community (EC) official said,"It is only the American proposal."

KYODO Summarizes Outcome of Meeting

OW1504112893 Tokyo KYODO in English 1110 GMT 15 Apr 93

[Text] Tokyo, April 15 KYODO—The world's top industrialized nations promised Thursday to back Moscow's efforts to reform, despite giving a cold shoulder to a U.S. proposal for a huge fund to help privatize Russia's state businesses. The foreign and finance ministers from the Group of Seven (G-7) nations ended a two-day meeting on aid to Russia on Thursday with a statement long on encouraging words for Moscow but short on specific numbers about the aid they will offer.

The statement left Russia's delegates to the meeting giving their thanks for the help but making it clear they had hoped for more, especially from Japan. The statement also was followed by a caveat from U.S. Secretary of State Warren Christopher that the package of 43.4 billion dollars in aid could be radically changed if Russian President Boris Yeltsin is thwarted in his reform efforts.

The G-7 wants to see a "democratic, stable, and economically strong Russia, firmly integrated into the community of democratic states and into the world economy," said the G-7 statement issued by Japan's Foreign Minister Kabun Muto and Finance Minister Yoshiro Hayashi at the end of the meeting. The statement said the G-7 countries will allocate 15 billion dollars for debt rescheduling, 14.2 billion dollars for structural reform and essential imports, 10.1 billion dollars for a full stabilization program, and 4.1 billion dollars for initial support for stabilization. The statement, however, did not include a specific breakdown of the amount of new aid pledged at this meeting and it did not list how much aid the different countries pledged.

The G-7 delegates agreed only to study further a U.S. plan for a 4 billion dollar fund to help privatize Russia's state enterprises. The U.S. hopes the plan will be funded with a combined 2 billion dollars from the G-7 countries and 2 billion dollars from the International Monetary Fund (IMF).

Earlier in the day, Canadian and Japanese officials said that five of the G-7 nations—Canada, Japan, Italy, Germany and France—opposed the U.S. plan, saying it was not clear how the money would be spent. One source said Japan's Prime Minister Kiichi Miyazawa was very skeptical about the proposal. Of the G-7 members, only Britain and the U.S. backed the plan.

Despite their differences, the G-7 ministers repeatedly stressed their belief that aiding Russia is essential to international stability and that Yeltsin's survival is the key to rebuilding the crumbling giant's economy.

Yeltsin faces a national referendum April 25 on his reform efforts. Many Western leaders in recent weeks have made it clear they want Yeltsin to stay in power. Yeltsin has "expressed his genuine commitment to democracy and economic reform in a way that is politically tangible and moves the progress forward," said Barbara McDougall, the Canadian secretary of state for economic affairs. "Therefore I think we will continue to support him."

Japan's top government spokesman Yohei Kono told a news conference that a majority of G-7 countries had never favored a proposal to move forward the annual summit, which is to be held in Tokyo on July 7 to 9. Kono said G-7 ministers reaffirmed that an emergency summit is unnecessary.

Some G-7 members apparently were sensitive about raising the expectations of the Russian people too high and about their own inability to ante up as much aid as Moscow had hoped. The final statement hedged on the details of who gave what because some countries, Germany among them, said they were unable to give more. The Germans, who already have given Russia billions of dollars since the reunification of East and West Germany, apparently offered no new bilateral aid.

Tadao Chino, Japan's vice finance minister for international affairs, told reporters the G-7 was being vague about the specific aid figure because of the lesson learned from the Munich summit last July when the G-7 leaders agreed on a 24 billion dollar aid package for Russia. A large part of that package has yet to be disbursed because Russia reportedly was not prepared to spend the money properly.

Time and again, the G-7 ministers said details of where the aid goes will be worked out later, but that it would be concentrated on areas that quickly benefit the people. For instance, Canada's McDougall said her country's contribution of 2.6 billion dollars would be concentrated on health care, education, agriculture, energy needs and "building democracy."

Russia's delegates to the meeting—Deputy Prime Minister Boris Fedorov and Foreign Minister Andrey Kozyrev—said Russia needs the kind of assistance its people can "easily understand" and that is targeted at specific goals. No matter where the aid is targeted, the Russian delegation indicated at a press conference at the end of the meeting that their country needs more. "This package is the beginning of a new stage of cooperation between Russia and the G-7," Fedorov said.

But Japan's Hayashi said that Tokyo has no plans now to provide Russia with new aid on top of a 1.8 billion dollar program the prime minister announced Wednesday. Kozyrev was quoted, however, as saying that Yeltsin told him by telephone on Wednesday night that he was pleased with the G-7 efforts. Kozyrev also said he was pleased that Tokyo had stepped away from its policy of linking aid to the return of four Russian-held islands off Hokkaido to Japanese control.

The G-7 ministers urged Russia to address its budget deficit, curb its expanding money supply, foster small- and medium-size enterprises, structurally adjust its industries, and streamline financial markets and the tax system. "We hope by the time of the Tokyo summit we shall have initial results of several points in the package and that probably we will be able to formulate further types of assistance and cooperation," Kozyrev said.

IMF Aid Program To Be Launched 'Soon'

OW1504113693 Tokyo KYODO in English 1121 GMT 15 Apr 93

[Text] Tokyo, April 15 KYODO—A proposal by the International Monetary Fund (IMF) to create a special "loan window" to channel economic aid to Russia will be launched as soon as possible, a top Japanese Finance Ministry official said Thursday [15 April]. The program, known as the Systematic Transition Facility (STF), will go on line as soon as an IMF board meeting determines disbursements.

The official, speaking on condition of anonymity, said the board of governors may meet before convening the IMF's interim committee at the end of the month. The creation of the 3 billion dollar STF was included in the aid package to Russia announced by the group of seven (G-7) powers on Thursday after a two-day gathering of its foreign and finance ministers in Tokyo.

The official indicated that Japan will consider further assistance to Russia, especially in case of emergencies. This contrasts with remarks by Japanese Finance Minister Yoshiro Hayashi at a news conference Thursday that 1.82 billion dollars is the maximum amount of aid Japan can extend to Russia as bilateral assistance.

Japan has refrained from giving major bilateral economic aid to Russia because of a longstanding territorial dispute over the four Russian-held northern islands that were seized by the former Soviet Union at the end of World War II. The 1.82 billion dollar pledge was announced Wednesday by Prime Minister Kiichi Miyazawa at the opening of the G-7 meeting.

With respect to the 4 billion dollar fund proposed by the United States to facilitate privatization in Russia, the ministry official stressed that changes like that "cannot be accomplished simply by throwing in money." Citing Japan's experience in privatizing its state-run railways, he said "there are big issues that must be studied like the labor problem" stemming from rationalization of a company. He said the picture may be clearer by the time of the annual G-7 summit in Tokyo from July 7 to 9.

Members Considering Postreferendum Summit

OW1504114393 Tokyo KYODO in English 1126 GMT 15 Apr 93

[Text] Tokyo, April 15 KYODO—French Foreign Minister Alain Juppe indicated Thursday that major industrial nations may consider holding an emergency summit meeting depending on the outcome of the April 25 referendum in Russia. Juppe said the April 25 vote is decisive and that the Group of Seven nations "would see how to prepare" for the July 7-9 Tokyo summit depending on the results of the Russian referendum.

In March, French President Francois Mitterrand and Russian President Boris Yeltsin proposed holding an emergency G-7 summit meeting to discuss aid to Russia. Juppe made the remarks in a press conference after a two-day conference on aid to Russia by foreign and finance ministers from Britain, Canada, France, Germany, Italy, Japan and the United States.

The French foreign minister said he thinks the new aid package for Russia will be more effective than past packages because the G-7 nations want to help the reform process in Russia and Moscow is determined to give "practical, concrete form" to it. The G-7 nations did not tie any political conditions to the aid because Russia has moved from "a period of confrontation" over the last several decades to a period where "mutual understanding and partnership" are possible, Juppe said.

Juppe gave high marks to Japan's position on aid to Russia, saying the discussions at the two-day meeting and the amount of Japan's aid to Russia show that Tokyo's stance has changed positively. Japan has until now been reluctant to provide full-fledged aid to Russia because of a longstanding territorial dispute. France's Minister of the Economy Edomond Alphandery gave high marks to the quality of the concerted support.

KYODO Correction to G-7 on Russian Business Fund

OW1404142693

KYODO supplies the following correction to the item headlined "G-7 Opens Tokyo Russian Aid Ministerial Talks: Ministers Favor Business Fund," published in the 14 April East Asia DAILY REPORT, page 3:

Column one, fourth paragraph, only sentence, make read: ...small- and medium-sized companies in Russia rather... (changing "industries" to "companies");

Column one, fifth paragraph, only sentence, make read: ...small- and medium-sized companies is important to... (changing "industries" to "companies").

Japan

Osaka Food Show Exhibits U.S. Rice

OW1404102693 Tokyo KYODO in English 0944 GMT 14 Apr 93

[Text] Osaka, April 14 KYODO—American rice attracted the attention of Japanese visitors at a U.S. food show which opened here Wednesday. About 100 kilograms of rice, mostly produced in California, were on display at the three-day Osaka Great American Food Show with prior approval by the Food Agency of the Ministry of Agriculture, Forestry and Fisheries.

Exhibition of rice at a similar U.S. show without the agency's consent triggered controversy last year as Japan imposes a ban on imports of rice. Phil Illerich, chairman of the USA Rice Council, said he hopes the show will help pave the way for U.S. access to the Japanese rice market.

Citizens' Use of U.S. Range 'Infringement'

OW1504040093 Tokyo KYODO in English 0251 GMT 15 Apr 93

[Text] Naha, April 15 KYODO—The Foreign Ministry said Thursday that Japanese citizens' use of a shooting range on an Okinawa U.S. military base violates a bilateral agreement governing U.S. bases in Japan.

Civilians have in the past been allowed to use live ammunition on the range in Camp Foster on the island of Okinawa if accompanied by United States military personel. Body searches were not conducted after they used the range, raising the possibility that live ammunition may have been taken from the range.

A spokesman for the U.S. military in Okinawa acknowledged that it was possible some Japanese invited onto the range could have kept leftover ammunition, but said the opening of the range to Japanese was in the interest of promoting friendship between the two countries. But a spokesman for the Foreign Ministry's status of U.S. forces agreement division said the law controlling possession of firearms and swords still covers Japanese while on U.S. bases in Japan.

The spokesman said use of the range by Japanese citizens constituted an infringement of a pact known as the facilities and areas and the Status of United States Armed Forces in Japan agreement.

Since last July, the range has been closed for refurbishing.

Russian Finance Minister Fedorov Arrives

OW1304021493 Tokyo KYODO in English 0050 GMT 13 Apr 93

[Text] Tokyo, April 13 KYODO—Russian Deputy Prime Minister Boris Fedorov arrived in Tokyo on Tuesday to attend a meeting of foreign and finance ministers from the Group of Seven (G-7) major industrialized countries set for Wednesday and Thursday.

Fedorov, who concurrently serves as finance minister, and foreign minister Andrey Kozyrev will represent Russia at the two-day special G-7 ministerial session on aid to Russia.

Kozyrev is scheduled to arrive in Tokyo on Wednesday morning, Japanese officials said.

Muto, Kozyrev Agree on Yeltsin Visit Plans

OW1504111993 Tokyo KYODO in English 1108 GMT 15 Apr 93

[Text] Tokyo, April 15 KYODO—Japanese Foreign Minister Kabun Muto and his Russian counterpart Andrey Kozyrev agreed in talks Thursday to urgently work out a date for Russian President Boris Yeltsin's visit to Japan, Japanese Foreign Ministry officials said.

Officials said Muto and Kozyrev, in an hour-and-a-half meeting, agreed to promptly convene working-level talks aimed at setting the schedule for the proposed visit, which now is expected to take place in late May. Kozyrev told Prime Minister Kiichi Miyazawa on Wednesday that Yeltsin would like to reschedule his visit for sometime in May.

Yeltsin abruptly postponed a Japan visit last September, citing domestic reasons, but he later blamed Japan for its tough demand that Russia return four islands it holds off Hokkaido. The postponement sent relations between Tokyo and Moscow crashing to a low.

If the visit takes place, Yeltsin will be the first Russian president to come to Tokyo. In April 1991, then Soviet President Mikhail Gorbachev visited Japan, becoming the first Kremlin leader ever to do so. Yeltsin also is scheduled to come to Tokyo in July for talks with leaders of the Group of Seven (G-7) major industrial nations who are gathering in the Japanese capital for an annual summit.

Kozyrev was in Tokyo attending a two-day meeting of foreign and finance ministers of the G-7 major industrial countries on aid to Russia, which ended earlier in the day.

Although full details on their meeting were not immediately available, officials said Muto and Kozyrev also discussed the issue of Russia's disposal of nuclear waste at sea. According to reports from Moscow, the former Soviet Union and Russia have dumped radioactive waste in the Sea of Japan, the Sea of okhotsk, and in an area southeast of Kamchatka for decades. Among the materials dumped were two nuclear reactors in the Sea of Japan in 1978.

Canada's McDougall Rejects Cambodia Pull-out

OW1504112193 Tokyo KYODO in English 1044 GMT 15 Apr 93

[Text] Tokyo, April 15 KYODO—The United Nations must ensure elections are held in Cambodia next month.

Canadian Secretary of State for External Affairs Barbara McDougall said Thursday. At a press conference, McDougall stressed the "most essential element" for peace in Cambodia is holding free elections.

"There is strong will on the part of the Cambodian people to have these elections and I heard that everywhere I went in Cambodia." McDougall was there last week before coming to Tokyo for the just-completed Group of Seven meeting on aid to Russia.

"We can't let those people down. They have shown great courage in the numbers they registered for the election and they have resisted aggression. If they are interested in (having elections), then we must do everything we can do to hold an election."

McDougall expressed concern that Japan and Australia might decide to remove their forces from the United Nations Transitional Authority in Cambodia (UNTAC) if attacks on U.N. personnel escalated. She said she understood Japan's concern after the murder of a Japanese U.N. volunteer last week, but the world still has an obligation to see a new government in Phnom Penh. "I think it plays into the hands of those who would disrupt the election if we threaten to withdraw."

She said the safety of military troops and civilian volunteers in Cambodia must be assured, but Canada is not thinking of getting out. "Canada has been involved in peacekeeping since before there was peacekeeping, since the late 1940s, and we have not backed away from risk yet." She said 90 Canadians have died on peacekeeping duties over the years.

"I don't want to speculate on what conditions (could make that happen in Cambodia). We must be committed to the (election) process."

The minister said the international community must also be prepared to continue its commitment in Cambodia after the UNTAC mandate expires in June. A force such as the 22,000 peacekeepers under UNTAC will not be needed, she said, but the United Nations must not make the mistake of monitoring elections and "then walking away."

Much of the assistance to Cambodia after the election could come from bilateral aid programs and nongovernment organizations, she said, but a U.N. component is also essential.

Miyazawa Trip to Australia in Planning Stage

OW1304133293 Tokyo KYODO in English 1215 GMT 13 Apr 93

[Text] Tokyo, April 13 KYODO—The government is preparing an itinerary for Prime Minister Kiichi Miyazawa to visit Australia and New Zealand at the end of the month, Chief Cabinet Secretary Yohei Kono said Tuesday. It was the first official confirmation the trip is being considered.

Miyazawa is expected to depart Japan on April 28 or 29, and return May 2. He would be the first Japanese premier to visit Australia since former Prime Minister Noboru Takeshita made a trip there in 1988. The last prime minister to go to New Zealand was Yasuhiro Nakasone in 1985.

Tokyo Agrees on 10-Billion-Yen Loan to Tunisia

OW1404083293 Tokyo KYODO in English 0718 GMT 14 Apr 93

[Text] Tokyo, April 14 KYODO—The Export-Import Bank of Japan said Wednesday it has agreed to extend an untied loan of up to 10 billion yen to Tunisia to finance various private-sector projects. The government-financed bank said the agreement was signed in Tokyo by Mitsuhide Yamaguchi, governor of the bank, and Tunisian Ambassador to Japan Noureddine Majdoub on behalf of Tunisia's Banque de Developement Economique de Tunisie. The loan will be used to fund development projects, including in the textile, food processing, and chemical industries, as well as construction of hotels to promote tourism, the Ex-Im Bank said. It declined to disclose the terms of the loan.

International Technology Policy Urged

932A0160A Tokyo TSUSAN JANARU in Japanese Feb 93 pp 20-21

[Article by Rensei Baba, deputy chief of the Commentary Section, Yomiuri Shimbun: "New Framework for International Technology Policy"]

[Text] "The cold war is over. The next threat is Japan." One can hear such opinions being expressed in America. From the outset, Japan has not clearly expressed its opinion and explained the philosophy behind its policies to the outside world. During the cold war era, the Western alliance followed the lead of the United States and, despite the fact that from time to time Japan felt the humiliation of being lightly regarded by the United States, things have come along pretty well.

However, now, when the end to the cold war has brought about the destruction of the Communist threat, economically powerful Japan is being seen by the United States as ominous. At the same time, there are several countries in Asia who are beginning to have fears regarding Japan, whose national policies they cannot understand.

In the international society of today, which has changed so dramatically, it goes without saying that we cannot live in a Japan of the past, a country which had no "face." As for the role that Japan should play in society in the midst of technological internationalization, it can be said that we have entered into an era of radical change wherein Japan should state a clear national policy and philosophy.

To that end, just what, exactly, should Japan be doing? Generally speaking, in order to bring about international common welfare, namely so that all people can enjoy an abundant way of life, Japan should choose a road which has been founded by our strong scientific and technological prowess.

To do this, we will be called on to become a leader in responding to technical policy and to make positive statements and to carry out policies within the international arena. While the new world order is being formed, Japan should take the initiative in the reformulation of the framework for a new technological policy.

However, even though we talk about the reformulation of the framework for a new technological policy, dynamic change is necessary in various areas, including intentions, institutions, and systems, in order for Japan to make a real, positive contribution. It is also necessary that well-versed human resources be developed who can establish and communicate ideals and logic that can be understood by the world, take a position to bear the burden of risk that will come about in connection with the formation of a new framework, and hold long-term, effective discussions with various foreign countries.

In addition, it is also necessary that we carry out improvements and reforms domestically. The bureaucratic policy formation pattern of the past, which was based on conservatism and maintaining the status quo, is not an effective system in this new world order, which demands creative flexibility. Furthermore, even though we say we want to take the international initiative, this is confused by the fact that our domestic research and development facilities are not adequately opened to the world.

Therefore, I would like to offer the following two proposals.

First is the establishment of an international think tank that would seek out the appropriate road that Japan should take in the midst of technological internationalization. This think tank would have the power to influence policy creation.

Takahiro Suzuki, a researcher at the Auburn Institute located in Washington in the United States, suggested that "a large think tank be established that would have the power to influence the policy-making process. This think tank should be independent from bureaucratic institutions and corporations, employ a full-time research staff, and be a public, non-profit organization that would study policy formulation in a long-term and independent manner." I wholeheartedly agree.

This kind of think tank must be given the position of advisor to the so-called administrative agencies. The think tank would, from an international perspective, freely discuss the appropriateness of governmental policy, and would have to be given a high status that would allow it to participate in the implementation of that policy.

Above all else, there must be a timeliness which would allow policies to be implemented as soon as the think tank's recommendations were accepted. If there is no timeliness, then Japan will never be able to manifest its autonomy to the international community.

My second proposal is the "decisive opening" of our research and development facilities which could contribute to technological renovation in the various countries of the world. This is because it possible for Japan to consider its testing and research facilities as public resources and open these facilities to the world right now.

However, when I say "decisive opening," what I mean is we need to make a revolutionary change.

The Ministry of International Trade and Industry's [MITI] Industry Technology Center established, as a comprehensive research facility, the "Industrial Technological Unified Research Institute" in Tsukuba city in Ibaraki prefecture on 1 January 1993. My idea of "decisive opening" would mean that international head hunting should be done to find a capable foreigner to act as the head of such advanced research facilities.

One more important aspect in this opening policy is an institutionalized support posture so that our country's research facilities can positively receive researchers from throughout the world. Foreign researchers must overcome several uniquely Japanese obstacles, such as the Japanese language and our housing situation, in order to obtain positive results from their research in Japan. If there is no support given to these researchers to help them dispose of these problems, then we will not be able to attract top-notch researchers to Japan.

One thing that I would like to add is that preferential acceptance should be given to Asians. We will not be making a true international contribution if first-class Asian researchers go to America and do not come to Japan. In order to accomplish this, we must establish research sites that have the appeal to draw in the very finest Asian researchers. Furthermore, it is essential that, as a Japanese national measure, institutionalized acceptance must be a condition.

Up until this point, a certain level of action has been taken, but unless more implementable steps are taken, this action will have no meaning at all.

I have set forth two drastic proposals aimed at our domestic policy. Aren't these proposed reforms a good first step for our country to make towards the formation of an international technological policy?

North Korea

Ministry Criticizes U.S. on Weapons Exports

SK1504105693 Pyongyang KCNA in English 1048 GMT 15 Apr 93

["Statement of DPRK Foreign Ministry Spokesman"—KCNA headline]

[Text] Pyongyang, April 15 (KCNA)—A spokesman of the Foreign Ministry of the Democratic People's Republic of Korea issued a statement today.

Demanding that the United States take out of South Korea its large number of nuclear weapons and missiles, instead of slandering other country and trying to put pressure upon it, he says:

A spokesman of the U.S. State Department on April 9 alleged that the DPRK was scheming to manufacture a missile with a range of 1,000 kilometers and transfer it to Iran and cried that its "spread of missiles" must be checked.

The United States, which had been vociferous about the fictitious "suspicion of nuclear weapon development" against the DPRK, is now slinging mud at it over the "problem of spread of missiles." This vividly shows how persistently it is trying to isolate and stifle our socialism.

The whole world knows that the biggest manufacturer, exporter and disseminator of technology of nuclear weapons, missiles and other mass destruction weapons is none other than the United States.

It is nobody's secret that in 1991 alone it sold off to mid-east countries and nearly all countries of the world weapons of mass destruction worth over 41,000 million dollars.

Britain, France and many other countries are also exporting missiles.

It is to realise its foul ambition that the United States is slandering progressive countries with faked materials, not uttering a word about the fact that, it together with its allies, is exporting a large number of nuclear weapons and missiles and transferring their technology to other countries.

In the proliferation of nuclear weapons as well as missiles, the United States is still resorting to "double standard" and the policy of interfering in the internal affairs of other countries, its bad habit of the cold war era.

Such strong-arm action on the part of the United States cannot work anywhere and cannot avoid opposition from the world people in the present world where international justice and fairness must be ensured.

Paper Criticizes 'Subversive' U.S. Acts Against Libya

SK1504110793 Pyongyang KCNA in English 1040 GMT 15 Apr 93

["Aspiration After Independence Cannot Be Checked"—KCNA headline]

[Text] Pyongyang, April 15 (KCNA)—The United States furiously bombed Libyan cities with fighter-bombers seven years ago today in an attempt to break with strength the will of the Libyan people to advance along the road of anti-imperialism and independence. This was, however, a big mistake, assesses MINJU CHOSON today.

The news analyst says:

The subversive activities of the United States against Libya have since continued. They are trying to isolate Libya internationally and imposing "sanctions" on it under the pretext of anti-"terrorism."

Despite the continued anti-Libyan moves of the United States and its followers, the Libyan people are successfully fighting to defend the dignity and sovereignty of the country and build a prosperous new society.

The Korean people rejoice over the achievements made by the Libyan people in the building of a new society under the banner of anti-imperialism and independence and extend full support and firm solidarity to their just cause.

Although the cold war has come to an end and the world is moving toward peace and detente, the United States engages itself in aggression and intervention against developing countries, invariably sticking to the policy of strength.

It is foolish of the United States to think it can threaten and subdue with strength the DPRK, Libya and other countries advancing along the road of anti-imperialism and independence.

The United States must renounce the anachronistic policy of strength, mindful that it will never be able to block the people's cause of independence with any means and method.

Head of U.S. Research Institute Departs 12 April

SK1404132693 Pyongyang Korean Central Broadcasting Network in Korean 1500 GMT 12 Apr 93

[Text] (Cho Tok-chun), director of the Koryo Research Institute of (William Carey) University, United States, left Pyongyang on 12 April by plane. Functionaries concerned saw him off at the airport.

Envoy to PRC Discusses Reunification Program

SK1504120393 Pyongyang Korean Central Broadcasting Network in Korean 0300 GMT 15 Apr 93

[Text] A news conference was held in our country's embassy in China in connection with the 10-point program of great unity of the whole country for national reunification put forward by the great leader Comrade Kim Il-song.

A portrait of the great leader Comrade Kim Il-song was respectfully put up in the front of the conference hall.

Present at the news conference were correspondents of Chinese newspapers, news agencies, and broadcast, as well as many foreign correspondents based in China.

Ambassador Chu Chang-chun made a statement.

He said: From the first day of the nation's division, which was enforced by outside forces, the great leader Comrade Kim Il-song put forward the three principles of independence, peaceful reunification, and great national unity; the method for reunification through the confederal system, and many other principles and methods for national reunification; and wisely led our people's struggle to implement them.

He pointed out that the great leader Comrade Kim Il-song on 6 April announced the 10-point program of great unity of the whole country for national reunification in compliance with today's situation in which our people's aspirations to reunification are increased more highly than ever before. He explained in detail the contents of each article of the 10-point program advanced by the great leader Comrade Kim Il-song.

Noting that the 10-point program put forward by the great leader Comrade Kim Il-song this time is the best method which will enable us to achieve the reunification in the 1990's with united strength by ending the nation's division, he stressed that this is the most realistic, fair, and just reunification program which can be accepted by anyone wishing for reunification.

He said that the North and the South should maintain the principle of national independence in a bid to expedite the reunification of our country. He urged the South Korean authorities to abandon the policy of relying on outside forces, to suspend the joint military exercise with the United States, to express the will to make the U.S. forces withdraw, and to get out of the U.S. nuclear umbrella.

Demanding that the South Korean authorities should immediately accept this program, he emphasized that the United States and other relevant countries should no longer adhere to nuclear rackets against the DPRK and should actively help Korean people achieve great unity and national reunification.

He answered questions raised by the correspondents at the news conference.

Kim Il-song Sends Gift to Cambodia's Sihanouk

SK1504084493 Pyongyang KCNA in English 0510 GMT 15 Apr 93

[Text] Pyongyang, April 15 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea on April 14 sent a floral basket to His Royal Highness Samdech Norodom Sihanouk, head of state of Cambodia and chairman of the Supreme National Council (SNC), on an official goodwill visit to Korea, on the new year day of Cambodia. The basket was handed to His Royal Highness Samdech [Prince] by Vice-President Yi Chong-ok.

His Royal Highness Samdech Norodom Sihanouk expressed deep thanks for it.

Present there were Vice Premier and Foreign Minister Kim Yong-nam, Vice Minister of Foreign Affairs Cho Kyu-il and Korean Ambassador E.P. to the SNC Kim Hyong-yul.

Deputy Prime Minister of the State of Cambodia Kong Sam-ol, supreme advisor to the head of the state of Cambodia and the secretariat of the chairman of the SNC Um Manorin and Vice Minister of Culture of the State of Cambodia Him Chhem were also present.

Secretary Meets With Japanese Group Delegation

SK1504070893 Pyongyang KCNA in English 0424 GMT 15 Apr 93

[Text] Pyongyang, April 14 (KCNA)—Kim Yong-sun, alternate member of the Political Bureau and secretary of the Central Committee of the Workers' Party of Korea, today met and had a friendly conversation at the Mansudae Assembly Hall with the delegation of the Japan committee for supporting Korea's reunification headed by Hiroshi Wakabayashi, vice-chairman of the International Liaison Committee for Reunification and Peace in Korea and general secretary of the Japan committee for supporting the independent and peaceful reunification of Korea.

Present there was O Mun-han, vice-chairman of the Korean society for cultural relations with foreign countries.

Nationals in Japan Receive Educational Aid

SK1404114393 Pyongyang KCNA in English 1044 GMT 14 Apr 93

[Text] Pyongyang, April 14 (KCNA)—The great leader President Kim Il-song sent 113.50 million yen in Japanese currency of educational aid fund and stipend to the Korean Residents in Japan for the Democratic National Education of the General Association of Korean Residents in Japan (Chongnyon).

The total amount of educational aid fund and stipend sent by President Kim Il-song for the children of the Korean residents in Japan on 123 occasions reached 41,585,742,433 yen in Japanese currency.

This profound solicitute shown by President Kim Il-song will greatly encourage the patriotic work of the Korean residents in Japan who are devoting themselves to the strengthening and development of the movement of Korean residents in Japan and contribute to the development of the democratic national education of Chongnyon.

Palestinian Envoy, PRAVDA Chief Arrive

SK1504110993 Pyongyang KCNA in English 1050 GMT 15 Apr 93

[Text] Pyongyang, April 15 (KCNA)—Hani Al Hasan, political advisor of the president and member of the Central Committee of the Palestine National Liberation Movement, who is a special envoy of president of the state of Palestine Yasir 'Arafat, and his entourage arrived here yesterday to pay an official goodwill visit to Korea to congratulate the Great Leader President Kim Il-song on his birthday.

A delegation of the League of Communists-Movement for Yugoslavia led by Stevan Mirkovic, member of the Executive Committee of the National Committee of the League and former chief of the general staff of the People's Army and editor-in-chief of the Russian paper PRAVDA Gennadiy Seleznev arrived here on the same day.

Vice Premier Hosts Special Palestinian Envoy

SK1504081693 Pyongyang KCNA in English 0504 GMT 15 Apr 93

[Text] Pyongyang, April 15 (KCNA)—The government of the Democratic People's Republic of Korea on April 14 arranged a party for Hani Al Hasan, political advisor of the president and member of the Central Committee of the Palestine National Liberation Movement, who is the special envoy of the president of the state of Palestine.

In his speech, vice-premier Kim Yun-hyok warmly welcomed the friendly envoy of the Palestinian people who came to Korea to congratulate the great leader of the Korean people Comrade Kim Il-song on his birthday. "The friendly and cooperative relations between the two countries have been further consolidated through historical meetings of the great leader Comrade Kim Il-song and esteemed President Yasir 'Arafat in Pyongyang," he said, adding:

"The Palestinian people are today waging a relentless struggle to restore their legitimate national rights including the right to return to the homeland, the right to self-determination and the right to found an independent state with Quds [Jerusalem] as the capital under the leadership of the Palestine Liberation Organisation.

"We are convinced that the day will certainly come when the Palestinian people will live happily in an independent Palestinian state".

In his speech, Hani Al Hasan said that the respected leader President Kim Il-song is the greatest man in the world. "The history of the revolutionary struggle of President Kim Il-song serves as a textbook not only for the Korean people but also for the world people", he added.

Pointing out that the Korean people's experience in struggle based on the great chuche idea is a model for Palestine and other developing countries, he stressed:

"Korea, although not big in territory, is resolutely fighting against the imperialists. She is, indeed, a great country."

He warmly congratulated the dear leader of the Korean people Comrade Kim Chong-il on his election as chairman of the national defence commission of the DPRK.

Minister Meets Equatorial Guinean Counterpart

SK1504083093 Pyongyang KCNA in English 0453 GMT 15 Apr 93

[Text] Pyongyang, April 15 (KCNA)—Vice-premier and Foreign Minister Kim Yong-nam on April 14 met and had a friendly conversation with Benjamin Mba Ekua Miko, minister for foreign affairs and French-speaking countries of Equatorial Guinea.

Officials Congratulate Kim Il-song on Birthday

Kim Receives Foreign Embassies' Gifts

SK1504084293 Pyongyang KCNA in English 0507 GMT 15 Apr 93

[Text] Pyongyang, April 15 (KCNA)—The great leader President Kim Il-song received floral baskets, gifts and congratulatory letters from foreign diplomatic envoys and embassies in Korea on his birthday.

They were conveyed to officials concerned by diplomatic envoys and embassies of China, Cuba, Libya, Algeria, Ethiopia, India, Vietnam, Egypt, Russia, Nigeria, Czech, Mongolia, Iran, Indonesia, Syria, Yemen, Palestine, Romania, Poland, Pakistan, Hungary, Sweden, Yugoslavia and Bulgaria and the representatives of the German interests section and the United Nations Development Programme (UNDP).

President Kim Il-song received a gift and a congratulatory letter from the military attache of the Egyptian embassy here.

Syrian Group Arrives

SK1504071093 Pyongyang KCNA in English 0427 GMT 15 Apr 93

[Text] Pyongyang, April 14 (KCNA)—A delegation of the Syrian Arab Republic led by Dr. Muhammad Zuhr Mashariqah, vice-president and vice-chairman of the National Progressive Front of Syria, arrived here today on an official goodwill visit to Korea to celebrate the birthday of the great leader President Kim Il-song.

Many working people in the city warmly welcomed the friendship envoy of the Syrian people at the airport, waving flags and flowers.

The guests were met at the airport by Pak Song-chol, vice-president of the DPRK and Presidium member of the C.C.[Central Committee], the Democratic Front for the Reunification of the Fatherland, Yun Ki-chong, minister of finance and chairperson of the Korea-Syria friendship association, and officials concerned.

Present there were Syrian Ambassador to Korea Yasir Farah and his embassy officials and Syrian students studying in Korea.

Foreign diplomatic envoys were also present.

A welcome function took place at the airport.

Premier Presents Report

SK1504045593 Pyongyang KCNA in English 2317 GMT 14 Apr 93

["Report by Premier at National Celebration of Birthday of Comrade Kim Il-song—KCNA headline]

[Text] Pyongyang, April 14 (KCNA)—Kang Song-san, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and premier of the Administration Council, made a report at a national celebration of the birthday of the great leader Comrade Kim Il-song which was held at the February 8 House of Culture today.

The reporter said:

The birth of the great leader Comrade Kim Il-song was a big stroke of luck which heralded the dawn of national liberation and rebirth on the dark land of the country and a great event which brought a radical turn in shaping the destiny of our people.

It was not until our people acclaimed respected Comrade Kim Il-song, the great leader without an equal in the nation's history of thousands of years, and received his wise guidance that they became a glorious people in charge of the revolutionary cause of chuche from the most miserable sufferers in history, a great people who [word indistinct] a worthy road of revolution, the triumphant road of socialism.

Respected Comrade Kim Il-song is the peerless national hero and the great leader of revolution who has performed immortal exploits in accomplishing the human cause of independence against imperialism, the cause of socialism, victoriously leading in the van the struggle for the national independence of our people and the building of a new society for a long time from the '20s to the '90s, of the present century when the revolutionary struggle of the popular masses aspiring after independence began to be waged in a diverse way, assuming broader dimensions worldwide.

The revolutionary history of the respected leader Comrade Kim Il-song is shining as a course of most gigantic and glorious revolutionary activities unprecedented in the greatness of leadership in victoriously guiding a struggle full of trials, the richness of exploits performed with the century and influence upon the times and historic development.

Comrade Kim Il-song is a great thinker and theoretician who provided the popular masses with an invincible weapon for brilliantly shaping their destiny by expounding the most correct guiding idea of our era, the era of independence, with his extraordinary ideological and theoretical intelligence.

He gave the most correct guiding idea for freedom, liberation and socialism to the popular masses by founding the immortal chuche idea.

He was the first in history to expound the principles of revolution, placing the popular masses in the centre of all thinking and practice and evolve the socialist theory in an all-round way.

He has solved all questions in a unique way, basing himself on the desire of our people and the specific conditions of our country and made the popular masses the remaker of the world and the shaper of their destiny.

He is a great statesman who has led the unprecedentedly arduous and complicated Korean revolution along the road of victory and a genius of creation and construction. He restored the lost motherland to our people and opened a new chapter of victory which will be immortal in the history of the national liberation struggle of the oppressed people in colonies by victoriously leading in the van the Korean revolution centering on the armed struggle as a whole, enjoying the unquestioned trust and boundless reverence of the whole nation as a young general in his twenties, a legendary hero for all ages in the period of the anti-Japanese revolutionary struggle.

Comrade Kim Il-song founded the Workers' Party of Korea, a new-type party of chuche, and strengthened and developed it as a steel-like party. This a historical feat which provided an invincible guarantee in consolidating the motive force of our revolution and accomplishing the final victory of the cause of socialism and communism in our country.

He put forward a chuche-based line of the building of a people's power and the building of an army to make the state power and the revolutionary Armed Forces of the working class a powerful weapon fully serving the people and defending the freedom and happiness of the people.

In our country the invincible Workers' Party of Korea is now firmly standing in the centre of the revolutionary units and the popular masses who have overcome the whole gamut of difficulties, sharing the destiny with the party in the protracted course of the revolutionary struggle, are fully displaying the creative power in the revolution and construction, true to the noble intention of the great leader and united in one mind around the dear leader Comrade Kim Chong-il.

Comrade Kim Il-song has performed such epoch-making feat as building socialism of chuche which has fully achieved independence, self-sustenance and self-reliance in national defence by successfully carrying out two stages of social revolution and accelerating socialist construction in our country.

He has shaped wisest, gracious politics for the people, sharing weal and woe with them. Under his loving care the whole society has become a great, harmonious family based on comradeship and revolutionary obligation. The reporter continued: The dear leader Comrade Kim Chong-il has said:

"We must always remain loyal and filial to the great leader with the great glory and happiness in holding him in high esteem."

It is the [word indistinct] desire of the Korean people and progressive mankind to hold Comrade Kim Il-song in high esteem.

We, deeply conscious of the great honor of the Korean people in having the great leader revered by the whole world and their noble revolutionary mission, must continue to staunchly fight for the revolution of chuche started by Comrade Kim Il-song, remaining intensely loyal and filial to him.

To defend the socialist cause from the frantic anti-socialist, anti-DPRK moves of the imperialists and the reactionaries and further develop it is a noble responsible duty of our party and people to the time and mankind. To this end, we must hold Comrade Kim Il-song in high esteem and continue the revolution started by him.

The programme of great unity of the whole nation set forth by him is a great charter of national unity which makes it possible to tide over the difficulties and open an epochal way for peace and reunification with great unity of the whole nation. It is also a patriotic banner which enables our nation to carve out its destiny by itself.

If the South Korean authorities truly want to draw a clear demarcation between them and the successive dependent military fascist regimes, desire the independence of the nation and promote national unity, they must demonstrate it by renouncing the policy of depending on outside forces, manifesting their willingness to get the U.S. forces out of South Korea and taking drastic measures to finally stop joint military exercises with foreign forces and free themselves from the U.S. "nuclear umbrella."

The United States is attempting to isolate and stifle our republic th ough something like "collective sanctions" against it by manipulating some officials of the International Atomic Energy Agency. With no amount of military threat, pressure and blockade, however, can the enemies frighten the Korean people or block their advance.

The election of Comrade Kim Chong-il as chairman of the national defence commission of the Democratic People's Republic of Korea is another historical event, a great event for the whole nation which makes it possible for our people and the officers and men of the people's army to successfully accomplish the revolutionary cause of chuche pioneered by the great leader, strengthen and develop our revolutionary Armed Forces and win the victory of the socialist cause under the tested guidance of Comrade Kim Chong-il, an outstanding military genius and ever-victorious distinguished military strategist.

Only victory is in store for our people who are undauntedly fighting under the wise guidance of the party and the leader, steadfastly defending the red flag of socialism with the conviction of sure victory and strong will, the reporter declared.

NODONG SINMUN Commemorates Birthday

SK1504105593 Pyongyang KCNA in English 1013 GMT 15 Apr 93

["Invincible Is Our People Advancing With Confidence in Victory Under the Guidance of Party and Leader"—KCNA headline]

[Text] Pyongyang, April 15 (KCNA)—NODONG SINMUN today comes out with an editorial entitled "Invincible Is Our People Advancing With Confidence in Victory Under the Guidance of Party and Leader" on the occasion of April 15, the birthday of the Great Leader President Kim Il-song.

The editorial says the history of the revolutionary struggle of the Korean people is decades of glory in which they fought, firmly believing in the respected leader Comrade Kim Il-song as the support of their faith, as a symbol of their ever-victorious cause.

It quotes the dear leader Comrade Kim Chong-il as saying:

"The revolutionary faith of the Korean communists and people upholding the respected leader Comrade Kim Il-song with loyalty is unshakable and immutable."

The editorial reads in part:

By reposing unquestioned trust in the great leader Comrade Kim Il-song in their struggle our people have become a heroic people who defeated two formidable imperialist enemies.

They could win great victory in their struggle to build socialism as they vigorously advanced along the road indicated by Comrade Kim Il-song.

Apart from the indomitable faith and will of our people who fought with unquestioned trust reposed in the great leader, the socialist industrial state and our socialism centred on the masses built on debris in our country in such a short period are unthinkable.

The faith and will of our people cemented down through history have become all the more unshakable in the course of the struggle to defend and exalt the socialism of our own style under the guidance of the party and the leader today.

Now our people have become an invincible people ready to fight without the slightest retreat any formidable imperialist enemy if he pounces upon them.

It is entirely because they have the great leader that our people have become a revolutionary people with strong faith and will and not submitting to any enemy as today.

The rare wisdom and extraordinary insight of comrade Kim Il-song are the source of light indicating the road ahead of our people and giving them confidence and fighting spirit. His iron will and matchless grit are the motive force of their indomitable faith and heroic feats.

It is the noblest duty of our people to absolutely espouse and defend to the last the ideas and lines of the great party and leader.

Our people who are deeply convinced that the life and soul of socialism lie in the purity of ideology are filled with the firm determination never to abandon the idea and line of the leader even if they were to lay down their lives.

They will consolidate the unity and cohesion of their revolutionary ranks, invariably cherishing their pledge of loyalty to their leader, and will fulfil their duty as revolutionary soldiers sharing the destiny with the leader to the last in this course.

They are not the sort of people who will abandon their revolutionary obligations although others, plagued by the poison of revisionism, took the road of besmirching the feats of their leader, oblivious of his benevolence.

Not only the present generation of our people but their posterity, too, would firmly defend the revolutionary exploits, experience and revolutionary work method established by Comrade Kim Il-song and successfully carry the revolutionary cause of chuche to accomplishment.

In order to carry the revolutionary cause of chuche through to accomplishment from generation to generation, we should deeply cherish the indomitable faith and will to believe in and follow the dear leader Comrade Kim Chong-il to the last.

Dear Comrade Kim Chong-il who is leading our people to victory with his matchless grit, iron will and invincible leadership ability is the eternal lodestar of our revolution and the symbol of our ever-victorious cause.

What constitutes the core of our people's faith and will now is the unquestioned trust of regarding comrade Kim Chong-il as their mental support and following him. We will become a fort and shield defending comrade Kim Chong-il and uphold him to the last as the first generation of the Korean revolution defended the great comrade hanbyol [lodestar] with their lives.

MINJU CHOSON carries an editorial entitled "Victory and Glory Are Always in Store for the Cause of Socialism Guided by the Respected Leader Comrade Kim Il-song."

Security Minister Hails Kim Chong-il on New Post

SK1404142493 Pyongyang Korean Central Broadcasting Network in Korean 1129 GMT 10 Apr 93

[Speech by Vice Marshal Paek Hak-nim, minister of public security, at a rally of servicemen of the Ministry of Public Security held on 10 April; place not given—recorded]

[Text] Comrades: Hearing the news that the respected and beloved supreme commander Marshal Kim Chong-il, ever-victorious iron-willed commander and great military strategist, was elected chairman of the DPRK National Defense Commission, all the people across the country and soldiers of the People's Security Forces of the Ministry of Public Security are filled with endless emotion and ecstasy.

The election of the respected and beloved supreme commander Comrade Kim Chong-il as chairman of the National Defense Commission is the expression of the unanimous will and ardent desire of our people, the world's revolutionary people, and the soldiers of the People's Security's Forces of the Ministry of Public Security. They uphold the respected and beloved Marshal Kim Chong-il, the great military commander who has gained immortal achievements in the cause of building the chuche-oriented army and in the realization of the world's independent cause against the imperialism.

The election of the respected and beloved supreme commander Comrade Kim Chong-il as chairman of the National Defense Commission is also the expression of the firmest faith and will to complete the chuche-oriented revolutionary cause to the end, under the wise leadership of the respected and beloved comrade supreme commander.

The respected and beloved comrade supreme commander was elected chairman of the National Defense Commission. This is an important political event that becomes a historic milestone to strengthen and develop our revolutionary Armed Forces and win a victory in the socialist cause. This is also a great felicity which will be recorded in the national history in gold letters.

On the occasion of the national felicity which will be brilliant in our glorious revolutionary annals, all the members of the Public Security and the soldiers of the People's Security Forces extend the greatest glory and wholehearted congratulations full of respect and loyalty to the respected and beloved supreme commander Marshal Kim Il-song for being elected chairman of the DPRK National Defense Commission. [applause and shouts]

Comrades: The respected and beloved supreme commander Marshal Kim Chong-il is possessed of unrivaled extraordinary military wisdom, matchless vigor, and resourcefulness. He has wisely led our party, Army, and public security organizations with outstanding and tested leadership. He is the greatest commander who has gained immortal achievements which will be glorious in the world for good.

With extraordinary military wisdom and outstanding tactics of leading the Army, the respected and beloved comrade supreme commander has brought up our revolutionary Armed Forces to be the chuche-type (?army) who fight for the party, the leader, the country, and the people with their lives. He has brought up our revolutionary Armed Forces to be a one-a-match-for-100 matchless (?Army) who can win a victory in a fight against any enemies. He is the outstanding military commander and iron-willed commander who has achieved the single-hearted unity of the whole Army through his great love and belief.

Under the wise leadership of the respected and beloved comrade supreme commander, our revolutionary Armed Forces have been brought up to be loyal ranks which reliably defend the party's cause, that is, chuche-oriented revolutionary cause. As a result, our revolutionary Armed Forces have brilliantly carried out their glorious missions to defend the party, the leader, the fatherland, and the people. Our revolutionary Armed Forces have performed heroic exploits in a worthwhile struggle to defend the revolutionary achievements and guarantee the people's happiness.

Upholding the leader Comrade Kim Chong-il as the supreme commander of our revolutionary Armed Forces and as chairman of the National Defense Commission is the greatest glory, happiness, and pride of our party, people, Army, and the functionaries of the Public Security.

Our party's political defenders have made it a rule of faith, conscience, morality, and life to do loyalty to the party and the leader. They should firmly prepare themselves to be genuine loyalist and filial sons who absolutely believe and follow comrade supreme commander and who resolutely defend him by being rifles and bombs under any difficult circumstances.

Let us all brilliantly fulfill the glorious missions and duties of the times and the revolution by firmly rallying around the respected and beloved supreme commander Comrade Kim Chong-il.

Long live the respected and beloved Marshal Kim Chong-il, the dear leader of our party and people. [applause and shouts]

Yi Chong-ok Awards 'Kim Il-song Order' to Yi In-mo

*SK1504105793 Pyongyang KCNA in English
1016 GMT 15 Apr 93*

[Text] Pyongyang, April 15 (KCNA)—"Kim Il-song order", supreme order of the Democratic People's Republic of Korea, was awarded to Yi In-mo, a former war correspondent of the Korean People's Army and the incarnation of faith and will.

The awarding ceremony was held at a branch of the Korean Red Cross Polyclinic Wednesday.

After reading the decree of the Central People's Committee of the DPRK on awarding "Kim Il-song order" to him, Yi Chong-ok, Politburo member of the Central Committee of the Workers' Party of Korea and vice-president, pinned the order on the chest of Yi In-mo and handed him the certificate of the order.

Finding it hard to repress his emotion and excitement for the conferment of the order, Yi In-mo said he had lived with belief only in the great General Kim Il-song though he had been persecuted by the enemy for scores of years in South Korean prisons. He wholeheartedly wished good health and long life to the great leader on his birthday.

He asked the vice-president to convey his profound thanks to the great general and the dear leader Comrade Kim Chong-il.

He said he would repay the kindness of the great general and the dear leader, after recovering from diseases quickly.

Kim Chong-il Sends Equipment to Cooperative Farm

*SK1504110693 Pyongyang KCNA in English
1042 GMT 15 Apr 93*

[Text] Pyongyang, April 15 (KCNA)—The dear leader Comrade Kim Chong-il sent gifts to the Okto Cooperative Farm in Yonggang County, Nampo Municipality.

Highly praising the officials and farmers of the farm who are boosting agricultural production, bringing the plan of the Great Leader President Kim Il-song for rural construction to a brilliant reality through generations, Comrade Kim Chong-il sent rolling stock and equipment to it.

Pyongyang-Kandong Road Open 13 April

*SK1504043093 Pyongyang KCNA in English
2230 GMT 14 Apr 93*

[Text] Pyongyang, April 14 (KCNA)—The Pyongyang-Kangdong road was completed and opened to traffic on April 13 on the threshold of the April holiday in the Democratic People's Republic of Korea.

The road runs nearly 40 km from the bank of the Hapjang River in Taesong district through Samsok district, Pyongyang, to Kangdong-up. It was built on the basis of achievements of modern science and technology to replace the old one.

The gradient and road level are well adjusted, wire nets divide the driveway and the walkway. Safety rails and light-reflecting guide posts stand along the road, and the Songmun tunnel, Cholbong tunnel, bridges, pedestrian underpasses, overhead motor crossings and detours are rationally arranged, fully ensuring traffic safety.

Lighting apparatuses are installed on the centre-line of the road for safe driving at night.

Soldiers of the Korean people's security force who undertook the road construction completed the vast amount of work in less than one year, including the concrete tamping of more than 75,000 cubic metres, the digging and filling of more than one million cubic metres of earth, havement of the road of nearly 650,000 square metres, bridge construction and tunnel excavation.

Shoe Plant Built in North Pyongan Province

SK1504100593 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 13 Apr 93

[Text] Comrade Kim Chong-il, the dear leader of our party and people, sent a thank-you message to the plant employees who built the 4 March plant.

Upholding the party's intent, the working class in the plant brilliantly built the plant by vigorously accelerating the construction battle.

The employees constructed a building with a plottage of hundreds of square meters within two months alone by strengthening the political work from the outset of the construction, under the guidance of the party's organizations. They also installed a boiler for production.

Technicians and skilled workers made [word indistinct] needed for producing shoe soles, dozens of facilities, and approximately 400 [word indistinct] of 10 kinds with their own strength, by bringing into full play the revolutionary spirit of self-reliance. As a result, they have installed the plant facilities capable of producing various shoes, including 150,000 white rubber shoes a year.

To reward the dear leader comrade's great love and care for our women, the plant employees attained the level of producing many white rubber shoes of good quality, by enhancing technical level and developing production capacity.

By building a new plant mainly producing white rubber shoes to the Korean women's taste, the people's demand for shoes can be more properly met.

A ceremony marking the beginning of operations of the newly-built 4 March plant took place on the spot yesterday.

Comrade Kim Hak-pong, responsible secretary of the North Pyongan Provincial Party Committee and chairman of the North Pyongan Provincial People's Committee; functionaries concerned; and employees of the plant attended the ceremony.

The thank-you message sent by the dear leader Comrade Kim Chong-il was delivered amid the attendees' enthusiastic applause.

After Kim Sang-min, manager of the plant, made a report, Yi Chae-tok, chief technician, and Cha Kum-sun, chief of the work team, held discussions.

Those who made reports and held discussions said: The wise leadership and the great consideration of the dear leader comrade, who has raised it as the supreme principle of our party's activities to improve the people's living standard and has made all efforts to realize the principle, has brought about the result of building the newly-built plant.

They talked about their great joy and emotion in building the plant and receiving the dear leader comrade's thank-you message on the occasion of 15 April, the greatest national felicity.

They noted: The dear leader comrade said that when the Korean women wear white coats, black skirts, and white rubber shoes, they are more elegant and beautiful. He put forth the task of building a plant mainly producing white rubber shoes to women's tastes. He showed deep love and care for building the 4 March plant in North Pyongan Province last year and provided all conveniences needed for construction.

They said: They should make a new innovation by regularly and normally managing the enterprise to achieve a great success in the plant which is brilliantly built thanks to the party's consideration. They should increase the kinds and production of white rubber shoes, should produce various sizes of shoes to meet women's demand, and should ensure the quality of shoes at the highest level.

They said: They should increase production capacities by three times in the near future by establishing more production process.

They stressed: They should defend and safeguard our party and further glorify the most superior socialism of our own socialism centered on the popular masses, by producing more shoes with existing facilities and equipment.

A letter of pledge to the dear leader Comrade Kim Chong-il was adopted at the ceremony.

KCNA Notes 'Brilliant' Labor Achievements

SK1504033893 Pyongyang KCNA in English 2227 GMT 14 Apr 93

[Text] Pyongyang, April 14 (KCNA)—The auspicious April holiday is being significantly greeted with brilliant achievements in labour in Korea.

It is the unanimous desire of the Korean people to greet the birthday of the great leader President Kim Il-song (April 15) more significantly and meaningfully.

The working people across the country launched a vigorous drive for increased production with a high degree of evolutionary enthusiasm from the beginning of the year, overfulfilling by far the first quarterly plan.

The first quarterly assignments were fulfilled ahead of schedule by the ministries of the coal industry, the machine-building industry, local industry, the shipbuilding industry, marine transport, natural resources development, and post and telecommunications, the general bureau of chemical industry and the general bureau of shoemaking industry.

In this period new production systems went into operation at the September 21 smeltery, the youth electrical appliance complex and the Hamhung power station spare parts factory and the electrification of the Hyesan-Manpo youth line and Pyongsan-Kaesong tracks were completed. Thus, more solid foundations were laid to bring about a new upsurge in production and construction.

A remarkable success was made in the construction of city and countryside. The construction of the Yun I-sang concert hall and the Songdowon international children's camp and more than 1,000 dwelling houses in Namfinuiju was completed and people moved into new houses.

The construction of 30,000 flats in Pyongyang till the 40th anniversary of the victory in the fatherland liberation war (July 27) was pressed forward, the frame assembling completed as a whole and nearly 10,000 flats completed.

The monthly plan for April is being fulfilled ahead of schedule as a result of the great upsurge in production in the key industrial domains of the national economy including coal, power, metal and machine-building industries and light industrial domains.

And many projects are nearing completion.

The construction of the march 4 factory, a mining lot of the Munmuri mine, shaft no. 3, a carriage pit and the expansion project of the ore-pressing plant of the Hwadae mine were completed and the Pyongyang-Kangdong road was opened to traffic.

KCNA Reviews 15 April Pyongyang Press

SK1504110893 Pyongyang KCNA in English 1033 GMT 15 Apr 93

[Press Review]

[Text] Pyongyang, April 15 (KCNA)—Today is the significant birthday of the Great Leader President Kim Il-song. All the papers of the Democratic People's Republic of Korea allot much space to special-writeups on this day.

NODONG SINMUN and MINJU CHOSON carry editorials under the respective titles "Invincible Is Our People Advancing With the Conviction of Victory Under the Leadership of the Party and the Leader" and "Victory and Glory Are Always Promised on the Road Ahead of the Socialist Cause Under the Leadership of the Respected Leader Comrade Kim Il-song."

Given in the press are the account of a grand national meeting celebrating the birthday of president Kim Il-song, the report of Politburo member of the Central Committee of the Workers' Party of Korea and premier of the administation council Kang Song-san and the speech of head of the congratulatory group of Koreans in Japan visiting the homeland to celebrate April 15 and first vice-chairman of the Central Standing Committee of the general association of Korean residents in Japan Yi Chin-kyu at the meeting.

Papers carry congratulatory messages sent to president Kim Il-song on his 81st birthday by the Central Committee of the South Korean National Democratic Front and the Central Standing Committee of the General Association of Korean residents in Japan.

President Kim Il-song received floral baskets from the president of the state of palestine and the president of the high state committee of the Algerian Democratic and People's Republic, says the press.

The press reports that President Kim Il-song received floral baskets and congratulatory letters from the Equatorial Guinean Prime Minister, the diplomatic corps, military attaches corps and economic and trade councillors corps in Pyongyang and the delegation of the Chinese people's volunteers.

NODONG SINMUN allots two pages to a photograph of President Kim Il-song standing at the foot of Mt. Myohyang and pictures showing the happy life of the Korean people.

Given in papers are a photo-accompanied report that President Kim Il-song received the parliamentary delegation of the Islamic Republic of Pakistan and a report that the delegation presented a gift to him.

The delegation presented a gift to the dear leader Comrade Kim Chong-il, says the press.

The press reports that President Kim Il-song of the Democratic People's Republic of Korea sent a floral basket to Samdech Norodom Sihanouk, head of state and chairman of the Supreme National Council of Cambodia, on the Cambodian new year day.

Figuring large in papers are reports that Samdech Norodom Sihanouk arrived in Pyongyang and 100,000 citizens warmly welcomed the friendly envoy of the Cambodian people.

Given in the press are reports that the Central Committee of the WPK arranged parties respectively for the general coordinator of the People's Vanguard of Costa Rica and for the leader of the Labour Party of Dominica and the DPRK Government for the delegation of the Syrian Arab Republic and the special envoy of the president of the state of Palestine and his entourage and a report that foreign party leaders and party delegations arrived here.

Dailies carry a joint statement of the Workers' Party of Korea and the October 8 Revolutionary Movement of Brazil.

South Korea

Reaction to DPRK Treaty Withdrawal Continues

IAEA's Blix on DPRK 'Flexible Attitude'

SK1504032493 Seoul YONHAP in English 0306 GMT 15 Apr 93

[Text] Tokyo, April 15 (YONHAP)—Hans Blix, director-general of the International Atomic Energy Agency (IAEA), said Wednesday that the agency was directly negotiating with North Korea to solve the nuclear problem. Blix, in Japan for an international conference on atomic energy, was quoted by the YOMIURI SHIMBUN newspaper as saying that North Korea had a more responsive attitude than in mid-March, when it announced that it would withdraw from the Nuclear Nonproliferation Treaty.

He said it was a common recognition that Pyongyang has begun demonstrating a flexible attitude again. Blix stressed that the agency was not just insisting on special inspections on North Korea's two nuclear facilities, but it wanted North Korea to allow inspectors to collect samples of nuclear waste. The IAEA didn't stick to the name of the inspection, he added.

His remarks signal that the issue, now with the United Nations security council, might be resolved in direct negotiations between North Korea and the IAEA. As an example of IAEA efforts in the matter, Blix said it had suggested to the North in late March, before the board of governors met, that it cover those parts of the facilities if they were really military installations.

The move, he explained, was aimed at helping North alleviate worries about security. In particular, Blix said that he discussed the issue with Kim Kwang-sop, North Korean ambassador to Vienna, on April 8 and the diplomat was very responsive.

Envoy to PRC: Issue May Be Solved

SK1504064993 Seoul KBS-1 Radio Network in Korean 0604 GMT 15 Apr 93

[Text] In an interview before departing the country today, ROK Ambassador to China No Chae-won said that our government is in the process of holding active contacts with the PRC Government in order to resolve North Korea's nuclear issue and that the nuclear issue may be resolved before sanctions are placed on North Korea.

Ambassador No denied that he had come home because there had been tangible progress in resolving North Korea's nuclear issue. He did say, however, that he had been briefed on the government's guidelines in dealing with this issue.

The government will prolong Ambassador No's term of office until early June and replace him with newly appointed Ambassador to China Hwang Pyong-tae, after North Korea's nuclear issue is settled.

Japan-U.S. Summit To Discuss Issue

SK1504011193 Seoul YONHAP in English 0054 GMT 15 Apr 93

[Excerpt] Washington, April 14 [as received] (YONHAP)—U.S. President Bill Clinton and Japanese Prime Minister Kiichi Miyazawa will discuss North Korea's nuclear problem in their summit this week at Washington's request, diplomatic sources here said Wednesday.

Miyazawa begins his three-day Washington visit from Thursday for talks dominated by bilateral economic issues and wider financial support for Russia.

The sources said the United States had asked to put North Korea's nuclear problem on the summit agenda and the two leaders are expected to discuss joint steps to make Pyongyang return to the Nuclear Nonproliferation Treaty (NPT). [passage omitted]

PRC Minister Said To Visit DPRK 1-3 April

SK1504023793 Seoul SEOUL SINMUN in Korean 15 Apr 93 p 1

[Text] Chinese Vice Foreign Minister Tang Jiaxuan has reportedly paid a secret visit to Pyongyang and discussed North Korea's withdrawal from the Nuclear Nonproliferation Treaty [NPT] with Kim Il-song and Kim Chong-il.

On 14 April, a ROK Foreign Ministry official said: "It was confirmed that Vice Minister Tang visited Pyongyang on 1-3 April and held talks with Kim Il-song and Kim Chong-il; Choe Tae-pok, international affairs secretary of North Korea's Workers Party; and Kim Yong-sun, former international affairs secretary (current chairman of the Committee for the Peaceful Reunification of the Fatherland) who returned from a European tour."

Tang Jiaxuan is one of five Chinese vice foreign ministers who is in charge of diplomacy for Asia. The other four vice ministers are Tian Zengpei (senior); Liu Huaqiu, in charge of the Americas and the international agencies; Yang Fuchang, in charge of the Middle East and Africa; and Jiang Enzhu, in charge of Europe.

The visit to Pyongyang by Vice Minister Tang is noteworthy given the fact that he visited Pyongyang right after ROK Foreign Minister Han Sung-chu met with Chin Kon, Chinese charge d'affaires to the United Nations, on 25 March in New York and conveyed the ROK Government's official view on the North Korean nuclear issue.

Vice Minister Tang reportedly conveyed the ROK Government's view to Kim Il-song, Kim Chong-il, and other North Korean leaders and discussed the role China would play if and when the North Korean nuclear issue was presented to the UN Security Council.

However, Vice Minister Tang reportedly failed to see any signs indicating an immediate change in attitude.

The ROK Foreign Ministry official also said: "It seems that only the West's policy was conveyed to North Korea during his visit, as the Chinese Foreign Ministry maintained its previous position of "opposing the presentation of the North Korean nuclear issue to the UN Security Council and vetoing sanctions" even after Vice Minister Tang returned from his visit to North Korea.

In the meantime, ROK Ambassador to China No Chae-won, who returned on 11 April for consultations, met with Foreign Minister Han Sung-chu and explained the results of Vice Minister Tang's visit to Pyongyang. He was said to have given the same report to the 14 April security policy meeting at Chongwadae [presidential office].

DPRK, Iran Said To Discuss Expanding Trade

SK1504101093 Seoul KBS-1 Radio Network in Korean 0935 GMT 15 Apr 93

[Text] The Iranian Government-controlled IRNA News Agency reported that the North Korean and Iranian authorities had discussed plans—including the issue of Iran's imports of cement produced in North Korea—to expand trade cooperation between the two countries.

On the other hand, the Western side expresses concern about the possible cooperation between North Korea and Iran for the nuclear weapons development and pays deep attention to their movement. North Korea and Iran, however, deny their intention to develop nuclear weapons.

Ministry Links Facsimile Services With Iran

SK1504024893 Seoul THE KOREA TIMES in English 15 Apr 93 p 3

[Text] The Communications Ministry yesterday introduced facsimile transmission services to Iran, bringing the total number of countries with which the connection is available to 43.

The facsimile service comprises the transmission of messages to various post offices in all parts of Iran and their delivery to their final destinations.

The standard rate for subscribing to the service is 4,500 won for a regular 8-by-11.5-inch page and 4,000 won for every subsequent page, ministry officials said. The service is much less costly than telegrams or telex messages and messages, which take less than 24 hours to reach their final destinations, can be transmitted at 227 post offices in the nation's larger cities.

Seoul, PRC To Seek 3d World Construction Projects

SK15040[illegible]5193 Seoul YONHAP in English 0652 GMT 15 Apr 93

[Text] Seoul, April 15 (YONHAP)—South Korea and China agreed Thursday in talks between Construction Ministers Ko Pyong-u and Hou Jie to seek ways to jointly participate in construction projects in third countries, an informed ministry source said. In particular, the ministers agreed to closely cooperate in joint construction projects in third countries, and to get the Overseas Construction Association of Korea, the China State Housing and Real Estate Deveopment Corp. and the China State Construction Engineering Corp. to study concrete methods for joint construction projects.

They also agreed to exchange views on land policies and related laws and data, the source said, and will hold meetings every year in urban and housing sectors to facilitate cooperation. Seoul and Beijing concluded a memorandum on cooperation in construction in the Chinese capital in January this year.

Seoul To Lift Ban on Investment in 'Northern States'

SK1404032493 Seoul CHUNGANG ILBO in Korean 13 Apr 93 p 1

[Text] The government has formulated a policy abolishing the limit on investment in "northern states" like China and Russia and has applied the regulations for general countries to these states.

A relevant government official on 13 April stated that since Russia had made active efforts to resolve North Korea's nuclear problem, there was no need to discriminate it from other allies. Accordingly, the government decided to abolish systems hampering the advance of domestic businesses overseas in line with the new goverment's new economic policy with a view to revitalizing overseas investments. The government took this fact into account when it adopted this policy during a conference attended by relevant government officials and presided over by Vice Foreign Minister Hong Sun-yong in the Foreign Ministry last week.

In 1988, the government formulated a prime ministerial decree stipulating cooperation and exchange with northern states. Since that time, the government restricted such cooperation and exchange based on detailed implementation rules published by the Economic Planning Board. According to these rules, investment in these states amounting to more than $2 million requires government permission, and this limit was raised to $5 million last year. This time, in formulating a new policy, the limit has been increased to $10 million, to the level of countries.

In this conference, however, officials from related government offices and agencies said that although restrictions should finally be abolished, existing rules should be put into practice for the time being so as to relax restrictions in phases with a view to encouraging domestic business groups to refrain from reckless competition. Thus, they agreed to maintain the existing guideline for exchange and cooperation with northern states.

Cabinet Sends Engineering Unit to Somalia

SK1504084993 Seoul YONHAP in English 0312 GMT 15 Apr 93

[Text] Seoul, April 15 (YONHAP)—The South Korean cabinet approved Thursday the dispatch of an army engineering unit to the U.N. Operation in Somalia (UNOSOM) II. The 250-man engineering unit, dispatched at U.N. request, is to build and repair shelters, water supplies and electric facilities for a year in Somalia.

The places they are stationed will be decided after consulting with the United Nations, and considering safety and efficiency. They are to be dispatched as early as possible after the National Assembly's approval and the cost, estimated at 12-14 billion U.S. dollars, is to be drawn from the government's budget and the United Nations will repay it.

President of Korea First Bank Offers To Resign

SK1404111293 Seoul YONHAP in English 0935 GMT 14 Apr 93

[Text] Seoul, April 14 (YONHAP)—Korea First Bank President Pak Ki-chin offered to resign on Wednesday. Pak had been under prosecution probe on suspicion of having unlawfully extended a large amount of bank loan to a construction firm owned by his brother.

In a special board of directors meeting of the bank held on Wednesday afternoon, Pak expressed regret over the loan having set off a controversy and done a damage to the bank. Pak is said to have extended about 57 billion won in a loan to Haksan Industrial Development Co. owned by Pak Kyong-chin, his younger brother, in an anomalous way. The company was bankrupt on April 12. Yi Chol-su, the bank's managing director, is expected to serve as acting president pending the selection of a new bank president.

Audit Board To Investigate Premier's Office

SK1404111393 Seoul YONHAP in English 0530 GMT 14 Apr 93

[Text] Seoul, April 14 (YONHAP)—The Board of Audit and Inspection (BAI), probing the Seoul Metropolitan Development Corp. (SMDC) on suspicion of fixing contracts, extended its investigation to the prime minister's office Wednesday. Eleven BAI investigators are to spend a week scouring the offices of the prime minister's secretariat, the administrative coordinators, and the first and second ministers of political affairs.

Administrative coordination office is baring itself for the first time since it was established in 1973, and the offices of the first and second ministers of political affairs for the first time since they were set up in 1981 and 1988, respectively. The probe will cover budget planning and spending, accounting and personnel.

The BAI suspects SMDC officials of leaking information on contract prices and has been investigating large engineering companies that have won state-placed tenders since March 29 for signs of irregularities in the awarding process. Of 180 building contracts awarded between 1988 and 1992, around 10 bids were so close to the government estimate that it was impossible without inside information, a BAI investigator said. The corruption watchdog is trying to learn if government officials and contractors under suspicion had secret negotiations.

In another corruption story, the Seoul public prosecutors' office has asked the office of bank supervision to investigate Korea First Bank president Pak Ki-chin to find out if he employed favoritism in lending 25.6 billion won to a construction company owned by his brother. Between February 1991 and last year-end, Pak extended loans of 25.6 billion won to Haksan Industrial Development Co. and guaranteed the payment of 19.1 billion-won debt.

Seoul To Decide in May on 2d Mobile Phone Firm

SK1404133993 Seoul YONHAP in English 1200 GMT 14 Apr 93

[Text] Seoul, April 14 (YONHAP)—The Communications Ministry plans to determine around next month the method and time of the selection of the country's second mobile phone project undertaker. Communications Minister Yun Tong-yun told reporters on Wednesday that his office would discuss the issue with other relevant government offices and announce the method and time in May at the earliest.

Yun said that to eliminate any suspicion and controversy over choosing the undertaker of the lucrative business, his ministry would adopt a simple and fair method of selection. Minister Yun also said that new paging service firms, which are to go into operation next month by area, will be allowed to determine service fees at their discretion to an extent that would not exceed 10 percent more or less than the cost.

Paging fees for new firms are thus expected to be set around 9,000 won per month. Korea Mobile Telecommunications Co. now charges 10,000 won including the valued added tax for its paging service a month.

Brunei, Malaysia & Singapore

Malaysia

Foreign Minister: KR Pull-out Destroys Mechanism

BK1504042093 Kuala Lumpur BERNAMA in English 0332 GMT 15 Apr 93

[Text] Kuala Lumpur, April 15 (OANA-BERNAMA)—The withdrawal of the Khmer Rouge [KR] from the Supreme National Council (SNC) in Cambodia has completely destroyed the mechanism for an all-party national reconciliation in the war-torn country, Malaysian Foreign Minister Abdullah Ahmad Badawi said Wednesday. Malaysia viewed the withdrawal with grave concern as it would seriously threaten efforts by the United Nations Transitional Authority in Cambodia (UNTAC) towards holding a general election in the country, he added.

I urge the two co-chairmen of the Paris peace accord on Cambodia to immediately take whatever necessary action to prevent the occurance of another holocaust in Cambodia, he told BERNAMA here. Abdullah was commenting on a REUTER report that the Khmer Rouge has severed itself from the UN peace process. The report quoted UN officials and diplomats as saying that Khmer Rouge President Khieu Samphan had written letters saying he and his staff were quitting the all-party SNC and leaving the capital as they feared for their safety.

Abdullah said the SNC was set up to provide an all-party platform to achieve national reconciliations and restore peace in Cambodia. Malaysia hoped UNTAC would continue to persevere to create conditions that would make it possible to hold a free and fair election in Cambodia, he added.

Mahathir Tells UN To Prepare for War in Cambodia

BK1504105893 Kuala Lumpur BERNAMA in English 0916 GMT 15 Apr 93

[Text] Kuala Lumpur, April 15 (OANA-BERNAMA)—Malaysia Thursday called on the United Nations to make adequate preparations for a possible war in Cambodia during the elections scheduled there next month. Prime Minister Dr. Mahathir Mohamed said Malaysia feared that war would erupt in Cambodia, based on the developments in that country.

Malaysia did not want its troops now serving with the UN peacekeeping force in Cambodia to be exposed to the threat of attacks by the Khmer Rouge without adequate preparations, he said.

We want to know what preparations the UN has made to face the possibility of war. We do not wish to expose our unprepared troops to a war because they are there only to maintain peace, he said when asked to comment on developments in Cambodia.

News agencies reported Thursday that the Khmer Rouge had closed the door to the UN peace process, giving rise to concern that the guerrilla faction would step up attacks throughout the country to sabotage next month's elections.

Dr. Mahathir said Malaysia would abide by every decision of the UN, including defending Cambodia if that was what the world body wanted. However, he added, if Malaysian troops were required to engage in the war, then it would have to be done the right way and with preparedness.

Yes... If there is going to be war, the UN has to provide adequate supplies otherwise it will be detrimental (to the troops), he said. Dr. Mahathir suggested that the UN provide adequate supply of weapons and make sufficient preparations.

We have pledged to abide by any decision of the UN but we do not want our troops to be defending Cambodia without any preparation, he said.

Registrar: 'Spirit of 46' Party Can Continue

BK1304123693 Kuala Lumpur NEW SUNDAY TIMES in English 11 Apr 93 p 1

[Excerpt] Kuala Lumpur, Sat—The Registrar of Societies has informed Semangat 46 [Spirit of 46 Party] that the party will not be de-registered. Semangat information chief Ahmad Shabery Chik said in a statement that the decision was conveyed in letter today to the party's secretary general Datuk Abdul Manan Othman. The letter was hand delivered to the party headquarters.

The registrar had sent a notice last month on the possibility of the party becoming de-registered for using the word "UMNO" [United Malays National Organization] at the party's gathering in Kota Baru in January. Registrar Puan Zakiah Hashim has asked Semangat to explain why the party should not be de-registered. Abdul Manan and Semangat legal committee chairman Datuk Suhaimi Kamaruddin met Zakiah on March 30 and handed a reply.

Ahmad Shabery said the letter from the registrar also stated that Semangat 46 was allowed to carry out its activities as provided under the law. [passage omitted]

Cambodia

Khieu Samphan Sends Message on PDK Pull-ou

BK1504010293 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 14 Apr 93

[Text] On 13 April, His Excellency Khieu Samphan, chairman of the Party of Democratic Kampuchea [PDK] and member of the Supreme National Council [SNC], addressed a message to His Royal Highness Prince Norodom Sihanouk, head of state and SNC chairman, concerning the PDK's decision to withdraw temporarily from its office in Phnom Penh. Following is the text of the message:

To HRH Prince Norodom Sihanouk, head of state and SNC chairman,
Royal Palace

Respected Prince: Considering the current development of the situation, I have noted that I do not have enough security to continue working in the SNC in Phnom Penh. In the future, the PDK will continue to firmly stand by the Paris agreement as it has in the past.

Neither His Excellency Akashi nor Hun Sen have the right to accuse the PDK. The fact is, however, that this accusation has created a situation that does not provide me with sufficient security to continue working in Phnom Penh.

I am forced to temporarily withdraw from the PDK office in Phnom Penh for this reason. In this situation, I would like to hand over the land and house to the prince to keep as royal property. I will not forget the royal good deed which the prince has made in an effort to overcome obstacles in order to create conditions for me to participate in the SNC's work in Phnom Penh.

Please, prince and royal consort, accept my most profound sentiments of respect and love.

[Dated] 13 April
[Signed] Khieu Samphan, PDK chairman and SNC member

Sihanouk Replies

BK1504011293 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 14 Apr 93

["Text" of "reply message from His Royal Highness Prince Norodom Sihanouk, head of state and chairman of the Supreme National Council, agreeing with the decision of the Party of Democratic Kampuchea to withdraw from its office in Phnom Penh" dated 13 April —read by announcer]

[Text] To His Excellency Khieu Samphan, chairman of the Party of Democratic Kampuchea [PDK] and Supreme National Council [SNC] member:

Your Excellency: I am honored to have received your important and significant message dated 13 April. I respect the decision of Your Excellency and the PDK concerning your temporary inability to function in Phnom Penh within the SNC framework. However, you and His Excellency Son Sen remain full SNC members.

Please accept my profound and highest consideration.

[Dated] Phnom Penh, 13 April
[Signed] Norodom Sihanouk

UNTAC Chief Discusses Threats to UN Workers

OW1404143393 Tokyo KYODO in English 1420 GMT 14 Apr 93

[Text] Phnom Penh, April 14 KYODO—The head of the United Nations Transitional Authority in Cambodia (UNTAC) said Wednesday that the U.N. may give up organizing voting for the upcoming election in May in dangerous areas where volunteer monitors refuse to serve. Yasushi Akashi said in an interview with KYODO NEWS SERVICE that UNTAC will try to secure the safety of election monitors and persuade them to return to their assigned areas.

Some 480 election monitors have decided to withdraw to the capital of Phnom Penh following the death of Atsuhito Nakata, a Japanese U.N. volunteer, and his Cambodian interpreter, who were shot in Kompong Thom Province by suspected Khmer Rouge guerrillas last Thursday [8 April]. But Akashi said UNTAC will have no choice but to give up organizing voting in dangerous areas where election monitors refuse to return. He said such areas have a small number of eligible voters and that the situation would therefore have little impact on the election.

Five monitors in Kompong Thom Province have already returned to their own countries and 60 other election monitors want to return home, officials said. About 150 election monitors and UNTAC officials met on Wednesday but failed to resolve their differences on security measures.

In other developments, Akashi denied a REUTER news agency report that the Khmer Rouge has pulled out of the Supreme National Council (SNC), headed by Prince Norodom Sihanouk. The SNC, the highest transitional decision-making body, groups four former warring factions including the Khmer Rouge.

On Tuesday, the Khmer Rouge notified Prince Sihanouk that it will close its office in Phnom Penh for security reasons. The notice followed Akashi's accusation that the Khmer Rouge is directly responsible for the killing during the past few months of UNTAC officials, election monitors and ethnic Vietnamese in Cambodia.

The hardline Khmer Rouge faction has refused to disarm itself and to participate in the election, claiming that Vietnamese soldiers are still in Cambodia.

New Group of Japanese SDF Troops Arrives

OW0804050193 Tokyo KYODO in English 0415 GMT 8 Apr 93

[Text] Phnom Penh, April 8 KYODO—The first group of 88 troops from Japan's second contingent of peacekeepers arrived in Phnom Penh Thursday [8 April] morning to join the 22,000-member United Nations Transitional Authority in Cambodia.

The group is part of the contingent of 600 engineering troops, which departed Japan on Wednesday to replace Ground Self-Defense Force (GSDF) personnel who have completed a six-month tour of duty.

By Sunday, all 600 of the new Japanese troops will be in Cambodia to work on rebuilding roads and bridges in southern Cambodia as well as to help in Cambodia's May election. They will start work about April 20.

The initial 600-member battalion is to fly back to the Air Self-Defense Force base in the city of Komaki, Aichi Prefecture on Thursday afternoon.

Japanese UN Policeman Mugged Near Ampil

OW1504005193 Tokyo KYODO in English 2339 GMT 14 Apr 93

[Text] Phnom Penh, April 15 KYODO—A Japanese police officer serving with U.N.-supervised civilian police in northern Cambodia was robbed Wednesday by armed men, United Nations officials in Phnom Penh said.

They said Shinichi Hirabayashi, a 38-year-old assistant police inspector of the metropolitan police department, was not injured as several robbers stole a U.N. car, cash, and his wrist watch.

Hirabayashi, who has been serving on U.N. peacekeeping operations since last October, was on his way to meet colleagues when he was attacked close to Ampil near the Thai-Cambodian border, they said.

He was surrounded by the men when he got out of the car and laid down on the ground after he heard of shots, the officials said.

It was not immediately known whether Khmer Rouge guerrillas were involved in the robbery, they added.

Ampil is considered a dangerous zone since it is located next to a Khmer Rouge-ruled area.

Five Japanese police officers are stationed in Ampil, and four others are dispatched to another place in the same district.

Japan currently has 75 civilian police officers working in Cambodia.

In mid-January, a housing facility for Japanese police officers in Siem Reap was attacked by an armed group, but at the time all of the officers were away from the facility on leave.

In response to the attack, the Japanese Government in Tokyo decided to ask the U.N. Transitional Authority in Cambodia (UNTAC) to take measures to ensure the security of Japanese police officers serving in the country, government officials said.

Khmer Rouge Forces Mass Near Japanese Peacekeepers

OW1504012393 Tokyo KYODO in English 0055 GMT 15 Apr 93

[Text] Chhuk, Cambodia, April 15 KYODO—The Pol Pot group has been piling up weapons and gathered about 200 soldiers at a place in southern Cambodia where some 84 Japanese peacekeepers are stationed, police authorities said Thursday.

According to the authorities, the Khmer Rouge buildup at Vor Mountain, some 18 kilometers east of Kampot, is in preparation for another offensive to cut National Highway No. 3 which connects Takeo and Kampot.

At least two serious clashes between the antigovernment faction and Phnom Penh government troops occurred last Thursday and Saturday at Chhuk when the faction launched an operation to cut the highway, police said.

The Khmer Rouge has already accumulated a large stock of weapons, including automatic rifles and rocket-launchers and local residents have been barred from the mountain, they added.

The 84-member Japanese Ground Self-Defense Force engineering corps stationed in Kampot has been building polling stations for general elections to be held in May. They are scheduled to start repair work on National Highway No. 3 beginning early next week.

The Japanese peacekeepers are considering carrying small arms for self-defense or reinforcing their camp with sandbags or trenches against possible attack, Japanese officials said.

A total of 600 Japanese engineering troops are engaged in United Nations peacekeeping operations in Cambodia.

A Japanese doing election work for the U.N. was killed last week by suspected Khmer Rouge guerrillas.

5,000 Vietnamese Remain; Exodus Slows

BK1404140093 Hong Kong AFP in English 1319 GMT 14 Apr 93

[Text] PHNOM PENH, April 14 (AFP)—The United Nations said Wednesday its operation to protect Vietnamese settlers fleeing a Khmer Rouge ethnic cleansing campaign was drawing to a close as more than 17,400 people had crossed into Vietnam by boat since the exodus began.

Only 5,000 of the estimated ethnic Vietnamese population of 20,000 who made their living fishing on Cambodia's lakes and rivers remained, U.N. spokesman Eric Berman said.

"Most, if not nearly all, have expressed the desire to stay put," he said.

The protection operation, called "Operation Safe Passage" was drawing to a close, he said.

Since the U.N. Transitional Authority in Cambodia (UNTAC) started counting the Vietnamese refugees on March 25, 17,423 people crossed into Vietnam by boat on the Tonle Bassac or Mekong rivers, Berman said. The number crossing by land was not immediately known, he said.

"We do believe that while there may have been some people crossing the border by land, fundamentally this was a water movement," the UNTAC spokesman said.

Sources in Hanoi have said Vietnamese authorities were preparing to accept as many as 100,000 people fleeing a series of massacres by the Khmer Rouge aimed at the Vietnamese population in Cambodia, many of whom are third generation settlers.

Article Views 'Hideous Comedy' of Polls

BK1504041393 Singapore BUSINESS TIMES in English 14 Apr 93 p 1

[Exclusive article by Abdul Gaffar Peang-Meth, ex-assistant to the commander-in-chief of the Khmer People's National Liberation Front Armed Forces entitled: "Khmer Election: "Bloody Show or No Show?"]

[Text] Attacks, terrorism, murders, and other human rights violations have been committed and officials of opposing political parties in Cambodia.

In November 1992, Yasushi Akashi, chief of the United Nations Transitional Authority in Cambodia (Untac), admitted "it is obvious that a free and fair election cannot be held" in such circumstances.

Gunmen have killed UN voter registration workers, and organised armed men in military uniform have fired rockets, grenades, and automatic rifles on vehicles and buildings belonging to UN peacekeepers stationed in Siem Reap. In spite of Untac's mandate to disarm 70 per cent of troops of all four Cambodian factions, armed men from the same four factions still roam the country.

It is an affront to the process so hopefully begun more than a year ago, and to the dignity of the Khmer people, that the UN, led by its Security Council and Secretary General Butrus Butrus-Ghali, has opted to go ahead with the general election in May, even without Khmer Rouge's involvement.

Initially, the UN had argued that the Khmer Rouge must not be left out of the UN-sponsored peace plan, and the culminating national elections. The UN was right the first time. Holding an election without the Khmer Rouge and excluding the residents of the zones they control represents a de facto acceptance of the existence of a separate state within a state and a partition of Cambodia.

In moments of candour, UN officials have been quoted as saying the UN has become less interested in real issues in its desire "to get elections over with, and get out." All this, in the name of putting an end to the long suffering of the Cambodian people, a massive effort that has included some 22,000 UN military and civilian personnel from more than 40 countries, and has cost some US$2 billion.

That Khmer faction leaders and politicians who have rushed from abroad to participate in the peace process have accepted such a state of affairs devalues the sacrifices of the many thousands of Cambodians who have died for a cause in which they were misled to believe, and of those who are alive and suffering.

The UN's apparent unwillingness to fulfill its mandate surely condemns those yet to be born into a land deprived of a secure future. Prince Sihanouk called the election "a hideous comedy." This comedy benefits many in different ways.

Come May, elections will be held if the major powers insist. Winners will be proclaimed and charges of irregularities will be heard, but the UN will be able to claim a successful conclusion to the Peace Plan, and get out.

The "elected" will tend to the problems their factions and the UN failed to solve. It is unlikely that the Khmer Rouge will significantly disrupt the elections. They benefit more by fomenting dissension among their opponents, and by encouraging the animosity many Cambodians already feel towards the UN peacekeepers, who unfortunately have often demonstrated arrogance and cultural insensitivity towards this prostrate nation.

The Khmer Rouge will reject the outcome of the elections in which they did not participate. There has been discussion in the international community about creating, training, and equipping a powerful Khmer national army to deal with the Khmer Rouge. A renewed civil war is in the making for the future.

As for the probable outcome of the elections, the challenges by presidential hopefuls to 70-year old Prince Norodom Sihanouk, Cambodia's last god-king, reveals that the prince is neither as feared nor as readily accepted as he once was. He says he wants power and is ready to exercise it as an autocrat, a rather awesome prospect.

He says that he is "fed up" with Untac; he does not agree with ASEAN's approach, he will "put things in order" with his neighbours, the Thais and the Vietnamese; he will redress Cambodia's economic independence vis-a-vis the Thais, Malaysians, Singaporeans, and Japanese; he is critical of other factions, including Funcinpec (the National Union Front for an Independent, Peaceful, Neutral and Cooperative Cambodia), the group led by his son, Prince Norodom Ranariddh.

Cambodians will vote. Those still alive have seen much in the last quarter century: Prince Sihanouk and his devastating accommodations to the Vietcong and North Vietnamese; the Khmer Republicans, who committed the nation to the Vietnam War, during which Cambodia was used as a battleground for foreigners; the Democratic Kampuchea of the Khmer Rouge, whose memorial is the thousands upon thousands of skulls and skeletons that litter the countryside the Hun Sen regime and the decade-long modern Vietnamese military occupation of Cambodia which led to the civil conflict the UN once promised to address.

Cambodian society, impoverished and destitute, has been easily corrupted by the influx or large amounts of cash from UN personnel, who constitute what Sihanouk has vividly described as "a terrible cocktail of races who do not even understand each other." The xenophobic, regimented Khmer Rouge can find an audience in such a culture.

Nevertheless, Cambodia's last god-king is uniquely placed in the eyes of many of his people and of some foreign governments to play the role of rescuer of his homeland. While his judgment may be questioned, his patriotism cannot. Sihanouk still commands respect and awe among the general population tired of politics and desperately wanting a paternalistic and benevolent leader who will take care of all their problems and ills.

Historically, Cambodia is a land of clans and cliques. Sihanouk will most likely be his people's (if not the Khmer intelligentsia's) choice for President of Cambodia, a choice which foreign governments concerned will accept with varying degrees of enthusiasm. The legislature with which an elected executive will have to contend, however, will be a cacophony of discordant voices. The Hun Sen government, which has retained control of the governmental apparatus, has, as a result, a real and a psychological upper hand. That party can expect a strong challenge from the somewhat pretentious Funcinpec [National Unified Front for an Independent, Peaceful, Neutral, and Cooperative Cambodia].

A less talked about major party, the Liberal Democratic Party of Gen Sak Suthsakhan, has attracted a respectable following from intellectuals and politicians abroad, but the party's presentation is excessively theoretical, and has not been well communicated. It is not likely to be a formidable player in the elections.

The ageing and ailing former premier, Son Sann, has displayed admirable integrity. His Buddhist Liberal Democratic Party is left in the hands of his son, Son Soubert, and his secretary-general, Ieng Muli. Both are relatively inexperienced, compared to Ranariddh and Hun Sen in political acumen and prestige.

Funcinpec and the Phnom Penh government can be expected to collect the most votes. The former will owe its success to the fact that Ranariddh is Sihanouk's son. The latter party will owe its large support to its incumbency and opposition to the Khmer Rouge, and the assistance of more than one million "Cambodianised" Vietnamese immigrant settlers brought to the country since 1979.

It is unlikely, however, that any one political party will collect a two-thirds majority in the National Assembly. A coalition government will probably surface. Future President Sihanouk will have his hands full as captain of such a Cambodian ship. The devarajas among the Khmer personalities will emerge, battling for what there might be of political power and position. The weather does not presage smooth sailing.

This hypothetical outcome, setting an ageing president opposite a divided coalition government, may be correct in the short term.

The long-term winners could instead be the Khmer Rouge, whom the UN and the Khmer factions have allowed to remain outside the electoral and political processes maintaining a separate territory, a different currency, and a unique national flag.

In a 1988 document, the Khmer Rouge and Pol Pot had mapped out a return to power in Cambodia. Their tenacity is unlikely to be derailed by a single plebiscite from which they have been allowed to exclude themselves.

Hor Namhong Receives Visiting U.S. Congressman

BK1304080393 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 0430 GMT 13 Apr 93

[Text] His Excellency Hor Namhong, foreign minister of the State of Cambodia [SOC], recently received and held talks with Dana Rohrabacher, Republican congressman from the State of California.

Hor Namhong informed the guest about the implementation of the Paris peace agreement. Acting in close cooperation with UNTAC [UN Transitional Authority in Cambodia], the Cambodian People's Party and the SOC Government continue to correctly implement this process and have made all kinds of goodwill concessions in a national reconciliation spirit leading to the election campaign to find genuine peace and security for society and the nation.

Hor Namhong condemned the Khmer Rouge for violating the Paris peace agreement and [words indistinct] on the people with the aim of destroying the election process.

Dana Rohrabacher thanked Hor Namhong for the detailed explanation on the real situation in Cambodia and expressed the hope that peace would materialize in Cambodia.

Chea Sim Inaugurates School, Deplores Khmer Rouge

BK1304092593 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 2300 GMT 12 Apr 93

[Text] His Excellency Chea Sim, chairman of the Cambodian People's Party [CPP] and National Assembly, presided over a ceremony to inaugurate a new school building—the construction of which was completed on 18 September 1992—in the compound of Chaktomuk junior high school on the morning of 12 April. It is worth noting that the three-story school building, consisting of 12 classrooms, is a joint donation made by His Excellency Say Phuthang, vice chairman of the State Council, and His Excellency Say

Chhum, standing vice chairman of the Council of Ministers, as well as other generous persons.

In the presence of a number of ministers and officials and some 17,000 people, students, and teachers, Chea Sim emotionally and wholeheartedly expressed appreciation for the newly constructed building, which represents a nursery where the children of future generations will be educated, an imperative need of each country and each society.

On that occasion, the CPP chairman also recalled the deterioration of the school, which was transformed into an animal husbandry center under the genocidal Pol Pot regime, whose aim was to turn Cambodian children into illiterates in a policy unprecedented in world society. The Khmer Rouge faction and its allies have thus far resorted to all manner of maneuvers to destroy every gain that the people and the State of Cambodia [SOC] Government have painstakingly achieved over the last over 14 years.

Concerning the forthcoming elections, Chea Sim asked the people, students, and teachers to make a profound judgment about what is wrong and right, black and white, especially those saving our people and those ruining and slaughtering them. He also recalled that under the genocidal regime the Cambodian people, young and old alike, prayed to the gods and all sacred things of the world to save their lives. So it has been that the CPP, which is the Tevoda [supernatural being] party, has saved the people and given them a rebirth. The CPP has joined hands with the people to rebuild and develop the country and improve the people's living conditions.

Chea Sim also emphasized that among the 20 contesting political parties, it is only the CPP that is fully capable of defending the people's lives and that has shared weal and woe with them in the course of national reconstruction. As for the other parties, they have only promised to do this or that, but have achieved nothing so far.

The ceremony concluded after Chea Sim cut a ribbon to inaugurate the school building, which was constructed at a cost of 124,000,000 riels.

Sihanouk, UNDP Sign Repair, Construction Agreement

BK0404025893 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 2300 GMT 3 Apr 93

[Text] His Royal Highness [HRH] Prince Norodom Sihanouk, head of state, father of the nation, and chairman of the Supreme National Council of Cambodia, granted an audience to a delegation of the UN Development Program [UNDP] led by its deputy administrator, His Excellency William Draper, at Khemarin Palace at 0800 on 3 April. The prince profoundly thanked the UNDP for its attention to the rehabilitation and reconstruction of Cambodia following the destruction of the two-decade war.

William Draper thanked HRH Prince Norodom Sihanouk for the audience granted to his delegation. He reaffirmed that he would do his best to participate in the rehabilitation, reconstruction, and development of Cambodia.

On that occasion, HRH Prince Norodom Sihanouk and William Draper and Edouard Wattez signed a protocol on a project to repair and construct communications roads, hospitals, and schools (?for the people).

Soldiers Continue Robbery in Siem Reap Town

BK1104090193 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 10 Apr 93

[Excerpt] It was reported that puppet soldiers in groups of 10-20 continued to rob people in the Siem Reap provincial town on 9 April. The soldiers are now becoming anxious and are also terribly furious. They opened fire indiscriminately and shouted: One-eyed Hun Sen, Heng Samrin, Chea Sim, Pol Saroeun, and Long Sopheap have ordered us to fight and die in their place, but they have not even provided us with dried rice. The riel bank notes printed by the Yuon [derogatory term for Vietnamese] are now no longer accepted, so what can we rely on? We are obliged to use the rifles and grenades given by the Yuon and puppet leaders to blow their heads off to snatch rice, money, and gold from them to sustain our existence. [passage omitted]

People, Soldiers Reportedly Seize Svay Leu

BK1404090093 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 13 Apr 93

[Text] According to a report from Svay Leu District of Siem Reap Province, last week, local people and fraternal soldiers in Svay Leu District mutinied against the puppet military commanders of regimental and battalion ranks at various positions in the district and attacked and chased the puppet ringleaders at district, commune, and village levels who ran away in disarray. The fraternal Cambodian soldiers and people then took control of Svay Leu District.

The report said that the people in Svay Leu District were very angry with the village, commune, and district authorities who had bled them white for the past 14 years. The people in Svay Leu District had waited for a chance to hit back at those authorities. The fraternal Cambodian soldiers in this district were also starving. The puppet ringleaders, such as Hun Sen, Heng Samrin, Chea Sim, Pol Saroeun, and Long Sopheap, had stopped thinking about the livelihood of the Cambodian soldiers. All they did was just think about how to protect their own heads. They were afraid that the people, low-ranking soldiers and policemen, and students in Phnom Penh would attack and topple their state apparatus before the holding of the election by UNTAC [UN Transitional Authority in Cambodia].

This is why low-ranking soldiers in the countryside and provinces, including those in Svay Leu District and Siem Reap town, became desperate, lost hope for their future, and were starving to death. The soldiers in Svay Leu District then decided to join hands with the people in attacking the puppet regimental and battalion commanders and village, commune, and district authorities and liberated the district.

After jointly liberating Svay Leu District, the fraternal Cambodian soldiers handed over all weapons to the people. A number of them decided to stay on with the people in Svay Leu District while some others returned to their hometowns to join their families.

The report said that after the liberation, the people in Svay Leu District were very happy and jointly set up people's national authorities to rule the district. At the same time, the people gave all those arms to their commune and village defense forces to consolidate their defense for the people in their rainy-season rice production drive.

Journal Interviews RCP Party Leader on Policies

BK0204132793 Phnom Penh KAOH SANTEPHEAP in Cambodian 23 Mar 93 pp 1, 2

[Text] At 0900 on 19 March, Meas Boret, representative of KAOH SANTEPHEAP, interviewed I Phandara, chairman of the Reborn Cambodia Party [RCP]. The following is what the party chairman said in the interview:

The major policies of the RCP are the reconstruction of the motherland, the rallying of all nationalist forces with mutual understanding, and peace, in view of the fact that there is a rift in our country caused by war and conflict among the four major parties. This is creating problems for the country. The RCP's goal is not to oppose but to gather people in the search for peace.

Another policy is national economic development. We received gold medals in big business management and economics in France; we have offered ourselves to serve and develop the economy in the near future. This is why the RCP is among the 20 parties contesting in the upcoming elections.

Third, we will pay attention to agriculture because 85 percent of our people are poor peasants. Therefore the plan to develop the economy should be based on providing assistance and promoting this sector through technical and material aid, such as fertilizers, rice seeds, pesticides, and also the digging of canals and the building of firm dikes which would last more than one or two years by relying on modern technology. Assistance would be provided to enable peasants to borrow money to enable them to carry out these tasks. Many banks have been set up in our country at present, for example the Farmers' Bank. Rice fields would be allocated appropriately.

Another issue is education. This is also important because for the past 25 years, students have not been able to study properly, for example, to attend colleges abroad or in the country. This has slowed down the acquisition of general knowledge. From now on we have to organize the education ministry well, pay appropriate salaries and build schools. Timber abounds in Cambodia. Why export it? A sufficient amount should be available to people for building schools with proper tables and chairs in accordance with pedagogical norms. Other sectors are also good, for example public health, communications, the army, and police. We have to give these sectors appropriate attention too.

In reply to our questions on peace in Cambodia I Phandara says:

I think in order to have genuine peace in Cambodia, there must be a neutral stance and mutual respect among parties in political campaigns. There should be no attacks on one another, no accusations against one another. Disputes should be avoided. We should rally people together and be respectful of one another in the upcoming elections. We should establish alliances instead of opposing one another. We should make the 23d, 24th, and 25th May the winner, that is Cambodia the winner, and war the loser.

The RCP's goal is not winning or losing but serving peace, the first among all political principles. The party is a servant of the aspiration of peace; it does not serve itself. On political principle, it is the party's idea to serve national interests in the future. We do not want to oppose or confront others. In other words, I will definitely not do this. I will win or lose in the elections with dignity. I will not treat this as a business; we should have clear ideals.

This is the last chance for our nation, there will be none after this. The United Nations has already said that there should be no slip-up on this occasion because this would endanger our nation.

On the armed forces, such as the army and police of each major party, these people are now defending the country in order to serve peace. They are not guilty; they can serve in the coalition government, a new government and not the government of a party. These forces will be organized into a new army with assistance from the international community such as UNTAC [UN Transitional Authority in Cambodia], which is currently in our country. There should be purity in the army. New political principles should be taught. The forces should not serve any parties. I appeal that we unite in the future to firmly defend peace.

Concerning the western and eastern borders, we would solve the problem by recognizing the borders as stated at the Geneva conference. This covers an area of 181,035 square kilometers, the genuine area in 1953. If I am part of the new government, I will certainly demand the return of our territory legitimately. We would make neighboring countries understand and cooperate with one another in trade or other sectors.

As for the Khmer Rouge, as a peace lover, my final view is that it is difficult to recognize and consider them. All my compatriots and I absolutely disagree with the Khmer Rouge participation; this is the people's will. The Khmer Rouge cannot participate. Although the international community has agreed to their participation, this certainly cannot be done. I do not believe that this can be done.

As for the views of other parties who also want to include the Khmer Rouge—and we believe that measures would be taken to prevent armed clashes—a new government would be set up after the elections. There will be new leaders untainted by the bitter history and blood and who also oppose the Khmer Rouge. Because the new government cannot collude with foreigners to hide the foreign residents or the Vietnamese, I think Pol Pot cannot make this a pretext for a Khmer Rouge attack.

As for Vietnamese immigrants, we will send them back; they will not be allowed to stay. At present, we are left with the handicapped; disabled persons, widows, and tens of thousand of orphans. This is a new burden for the government, which has to be neutral in providing assistance and guarantee for these people's lives.

Look at foreign countries. After elections, presidents are left with thousands and thousands of millions of dollars and tens of thousands of tonnes of gold. What about Cambodia? If I am elected, we would leave a lot behind, as I stated earlier.

As for the administration, a constituent assembly will be the core force with a prime minister. For His Royal Highness Prince Norodom Sihanouk, he is warmly loved by many Cambodians who still miss him. The important thing is that there should be respect; we should stop accusing one another. In the coming election campaign, parties should not accuse one another. We should not evoke past events, particularly since the four parties still have weapons.

On the regime to be selected, the international community has already prepared the presidential election for Prince Norodom Sihanouk. This is not the adoption of a monarchy. Neither is it a republic. We have already been through this regime. As is known, we have to acknowledge the prince's presence and not insult him the way some parties do now. In behaving this way, everyone will be equal.

The interview ended in a friendly and happy atmosphere.

Indonesia

Foreign Minister Discusses Khmer Rouge Pull-out

BK1404152293 Hong Kong AFP in English 0757 GMT 14 Apr 93

[Text] JAKARTA, April 14 (AFP)—Indonesian Foreign Minister Ali Alatas said Wednesday the pullout of the Khmer Rouge faction from Phnom Penh was a serious development which might hinder next month's general elections. He said he planned to discuss the issue with French Foreign Minister Alain Juppe to see what could be done.

Indonesia and France are co-chairmen of the Paris conference on Cambodia.

Commenting on press reports from Phnom Penh early Wednesday that the Khmer Rouge faction had left the Cambodian capital saying they no longer felt secure there, Alatas said it was "another serious turn in developments."

"That would mean that it would be even more difficult to maintain contact between all the factions as we move towards general elections," he said.

Alatas said efforts should be made to try to ensure secure conditions for a free and fair election. The alternative, he said, would be far worse.

"There would be uncontrolled fighting again in Cambodia."

Alatas said he planned to contact his French counterpart "to see whether we can together come to some clearer thinking on what both of us should do."

He said he was also in the process of collecting more information both from Phnom Penh and United Nations headquarters on the situation.

Alatas described the worsening security situation in Cambodia as a matter of "great concern to us... We are rapidly nearing a point where all of us have to think how to cope with the situation as we move towards the general elections." But he said Jakarta would not take any separate action and would continue to move in unison with other countries under U.N. central command.

Indonesia has contributed military personnel to the U.N. peacekeeping force in Cambodia. An Indonesian soldier was killed in an accident in Kompong Cham province Monday. Another Indonesian peacekeeper was injured in a landmine accident.

NAM Members Want Suharto To Address G-7 Summit

BK1404160193 Jakarta Radio Republik Indonesia Network in Indonesian 1500 GMT 14 Apr 93

[Text] Foreign Minister Ali Alatas refuted allegations that Indonesia is taking the initiative to get closer to the industrialized nations that are members of the Group of Seven, G-7, nations.

Speaking at a seminar on opportunities and challenges facing Indonesia in fighting for the new world order in the wake of its current position as chairman of the Nonaligned Movement [NAM], Alatas reiterated that efforts to enable the NAM chairman to address the G-7 summit in Tokyo in July were not initiated by Indonesia. The idea originated from NAM member countries. In view of that, Indonesia's request to allow the NAM chairman to address the G-7 summit is backed by all NAM member countries.

Ali Alatas said that it was the NAM member countries that took the initiative to request that President Suharto, in his capacity as NAM chairman, be allowed to address the G-7 summit, and the success of President Suharto in being able to address the summit is the sucess of NAM. He said that if the NAM chairman fails to attend the Tokyo summit in July, this will be Indonesia's failure. Efforts to attend the G-7 summit are not being pursued to acquire prestige for Indonesia, because within his personal capacity President Suharto could still go to Paris, Japan, and the United States to hold talks with leaders of the G-7 member nations.

Captured E. Timor Rebel Chief Okays Integration Process

BK1504091593 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 15 Apr 93

[Text] Antonio Gomes da Costa, alias Mauhunu, East Timor GPK [security disturbance movement] leader captured by the security authorities last week, admitted that the integration process with Indonesia is the most suitable option for the East Timorese people because of the rapid progress achieved by the province since integration. The fruits of progress achieved by the province since integration are far different from the conditions during the Portuguese colonial era.

Speaking to reporters as he marked his 44th birthday in Dili yesterday, Mauhunu said that during his wanderings in the East Timor forests for 17 years he never knew that East Timor had achieved such rapid progress because he had received information completely different from the existing reality. Mauhunu added that the Fretilin [Revolutionary Front for an Independent East Timor] group had in fact wanted a referendum to solve the East Timor issue. However, having now seen the truth, he believes that a referendum is no longer necessary because it will only cause fragmentation within East Timor society. Mauhunu also noted that he and other captured Fretilin leaders had received good treatment from the authorities.

Meanwhile, the 22 ABRI [Indonesian Armed Forces] soldiers who captured Mauhunu were given extraordinary promotions. Two sergeants and 22 privates were promoted. Speaking in Ainaro yesterday, East Timor Military Operational Commander Brigadier General Theo Syafei said the success in arresting Mauhunu was due to the local people's assistance. The participation of community, religious, and tribal leaders in Ainaro District demonstrates public awareness on the meaning of integration and ABRI territorial operations in East Timor. Brig. Gen. Syafei also presented five cows, a satellite dish, and a television set to the people living in Manutasi village where Mauhunu was captured.

E. Timor Rebel Leaders' Arrests 'Heavy Blow'

BK1504092493 Jakarta THE JAKARTA POST in English 6 Apr 93 p 2

[Text] The recent capture of key leaders of Fretilin [Revolutionary Front for an Independent East Timor] will weaken the East Timor independence movements based abroad, leading member of the Supreme Advisory Board (DPA) said yesterday.

"Fretilin leaders based overseas are rapidly losing their home support with the arrests of the rebel leaders," said F.X. Lopes Da Cruz, a Board member from East Timor.

In the latest success in the operation to root out Fretilin members, the military in East Timor arrested Antonio (Manekas) Gomes da Costa alias Mauhunu on Saturday. He is the successor of the self-proclaimed Fretilin commander, Jose Alexandre "Xanana" Gusmao, who was captured in November.

Earlier in January 1992, the military captured Jose Da Costa alias Mauhunu, Xanana's assistant in charge of political affairs.

The arrest of Xanana, now on trial on charges of rebellion, was followed by the surrender of hundreds of Fretelin supporters who ceded to government pressure following a spate of clashes between the military and rebels.

"The capture of Mauhunu is a heavy blow to Fretilin leaders who are fighting from a safe distance overseas," said Da Cruz, a former president of UDT (Timor Democratic Union Party) which spearheaded integration of East Timor with Indonesia in 1976.

Fretilin supporters abroad are very active, propagandizing on human rights violations and on self-determination for East Timor, he said.

The UN has yet to recognize the integration of the Portuguese colony into Indonesia.

The arrest of Mauhunu has kept Da Cruz busy answering questions posed by journalists in Portugal. "I have answered more than 20 calls from Portuguese journalists today," he said in his residence yesterday.

In Dili, local top military leaders released details yesterday on the capture of Mauhunu.

Colonel Suntoro, deputy chief of the local military operations command, said Mauhunu was captured in his hiding place in the village of Manulerlao, Ainaro, some 50 kilometers south of Dili at 10.30 p.m. [1330 GMT] Saturday. He did not resist his capture.

He was alone when arrested by 22 troops commanded by 2nd Sergeant Sapto Purwoto and "with the cooperation" of villagers, who had watched the suspicious man armed with an M-16 assault rifle, Suntoro said. The troops, who raided his hiding place only 30 minutes after they obtained information from a villager, confiscated two magazines, 60 bullets, medicines, cassettes, Rp [Rupiah] 15,500 (US$7) and a book on philosophy.

Mauhunu admitted to having lost contact with his group members on December 5 last year when they were engaged in a shootout with the military in Kablaki.

Col. Suntoro said Mauhunu's group consisted of 10 rebels, who possessed five rifles. According to Suntoro, Mauhunu told investigators he was particularly impressed by the military's "unusually good treatment".

Mauhunu, Suntoro said, acknowledged Fretilin was losing popular support because the East Timorese realized that what they need is prosperity rather than the continued struggle for independence.

"He realistically admitted that given this fading popular support it's only a matter of time before the armed rebellion will end," he said.

Philippines

Editorial Notes Shift in U.S. Diplomatic Style

HK1504020793 Manila THE MANILA CHRONICLE in English 14 Apr 93 p 4

[Editorial—"Democracy Minus the Abrasiveness"]

[Text] For many years, there has been a subtle but persistent debate between Washington and the capitals of Asian countries governed by firm authoritarian hands. The debate centers on the cultural adequacy and economic suitability of democratization in societies nurtured through centuries of paternalistic rule.

Washington, particularly during the Carter years, used to bear down heavily on governemnts perceived by Americans to be autocratic. Aid was calibrated according to some arbitrary calculus of democratic adherence: Respect for human rights, a free press, and fair elections. American leaders publicly lectured their Asian counterparts on the need to democratize.

The results were mixed. Democracy, after all, was never for governors to give; it was always for the governed to claim.

Slighted by what they perceived to be American arrogance, Asian leaders began to draw an imagined cultural line that defined formal democratic processes as a Western invention ill-suited to the traditions and circumstances of the orient. Demonstrating the efficacy of authoritarianism became a matter of retrieving national pride in the face of an American rhetorical onslaught. As dictators dug in, human rights activists and civil libertarians were unjustly painted as agents of Americanization and traitors to tradition.

Li Peng, Lee Kuan Yew, Mahathir, to name a few, became expert weavers of obvious fallacies: That freedom is un-Asean, that open electoral competition is an alien contraption, that a free press is deleterious to economic prosperity, that free speech is injurious to oriental propriety, and that individual rights are offensive to communal Asian sensibilities.

The fallacies were repeated over and over, partly to preserve the tenuous legitimacy of autocratic rule and partly to fend off abrasive American criticism.

It took quite a while for Washington to realize that public ridicule and official heckling are never the best means for achieving compliance among Asians. They produce bruised sensibilities. Democratic concessions, in the context of overt U.S. badgering, became a matter of losing face.

In the Philippines and Thailand, popular risings, not US sanctions, tore the curtains of dictatorship. In Malaysia and Indonesia, democrats found secure bases and institutional support in the religious sphere. In Singapore, white-collar out-migration has become, by far, the clearest political statement against the prosperous boredom that regimentation invariably produces.

In his testimony before the U.S. Senate, Assistant Secretary of State for East Asia and Pacific Affairs Winston Lord said the Clinton administration does not seek to impose an American model of human rights in the region. He did express, however, an evangelical belief that economic prosperity will inevitably lead to political freedom.

Lord's statement signals a slight departure from the diplomatic style of the Carter administration—the last Democratic presidency before this one—on the matter of human rights and democratization. The Carter administration tended to be preachy and pushy, alienating allies and producing numerous diplomatic irritants.

The Clinton administration's approach to the issues of human rights and democratization, however, is not necessarily the product of greater political sophistication nor a lesser concern for universalizing freedom. It is, more directly, an adjustment to the difficulties encountered by American policymakers in trying to balance two often disconnected concerns: On the one hand, maintaining political alliances and keeping trade access open; on the other hand, affirming U.S. doctrinal commitment to assuring the spread of political freedom worldwide. The second consideration is particularly emphasized in the ideological orientation of the currently dominant Democratic Party.

The adjustment in the tone and style of U.S. human rights diplomacy is dictated, almost exclusively, by the bilateral relationship with China. On the one hand, Washington wants to cultivate the strategic partnership with China; on the other hand, most Americans are offended by the repressive character of the Beijing government.

Most Asian autocrats will be pleased to hear that Washington is finally climbing off their backs on the democratization question—but only if it becomes clear that the U.S. shall not follow a firm, principled, and coherent policy of encouraging democratic initiatives from below.

Ramos To Begin 6-Day PRC Visit 25 April

HK1404144093 Quezon City ABC-DWET Television in Tagalog 1000 GMT 14 Apr 93

[From the "ABC-DWET News" program]

[Text] President Fidel Ramos will leave for a six-day visit to China on 25 April. The president will visit the cities of Beijing, Shanghai, and Guangzhou to see how the special economic zones are run in those areas. Ramos will be the first foreign leader to meet with Jiang Zemin, China's new president. The president's fifth foreign official visit is aimed at attracting Chinese businessmen to invest in the Philippines, and pave the way for the exchange of technologies suitable for the country's agriculture.

Spratly Plan 'Deferred' After China Opposition

HK1504090093 Manila BUSINESS WORLD in English 15 Apr 93 p 12

[Report by Jose G. Ebro]

[Text] China has registered opposition to Philippine plans to conduct surveys and promote tourism in the Kalayaans, Chinese envoy Huang Guifang said yesterday.

The Bureau of Fisheries and Aquatic Resources was to undertake a survey of the areas under Philippine control some time this month. Also, the Departments of Foreign Affairs [DFA] and National Defense had given initial approval for a diving tour group to visit the islands in May. Both plans have now been "deferred," DFA sources said.

It became clear why yesterday when Mr. Huang said that "we talked to the DFA and explained that these sort of things could complicate matters."

The Chinese envoy said "there is an agreement with the DFA" that these activities would not be pursued.

"We are against internationalizing the issue and we have told all the parties involved that our position is that no one should take measures which would complicate the issue," Mr. Huang said.

"There are a number of other countries involved in a very small area. It would be very, very complicated," he said.

Apparently, the Chinese are worried that the Philippines could use these activities to bolster its claim. "Everybody knows that occupation and continuous use are 99% ownership," an Asian diplomat remarked.

Another said with so many claimants clustered within meters of each other in some places "an international incident could easily arise over an errant tourist diver ending up where he shouldn't."

The Chinese envoy reiterated assurances that China's military build up was for purely "defensive" purposes and would not be used to resolve the territorial dispute in the South China Sea. "We need a certain level of military ability. A stable China is very important to world peace and security," Mr. Huang said, pointing out that China only spends $7.3 billion for defense, while the U.S. allocates $274 billion and Japan spends $37.7 billion.

"Per capita, that is only $6 for each citizen while every American spends $1,000 and each Japanese, $300, for military purposes," he noted.

However, he lambasted the U.S. for selling 160 F-16s to Taiwan, saying it constituted a "violation of its commitments under the three joint communiques entered into between our two countries."

"The U.S. promised to reduce arms sales to Taiwan, but it went against its commitments," he said. The move, the Chinese envoy said, presented "obstacles of Chinese reunification."

Manila Admits 11 Insurgent Strongholds Exist

HK1504022093 Manila BUSINESS WORLD in English 14 Apr 93 p 15

[Text] The Government has admitted the existence of 11 remaining insurgent strongholds as it expressed confidence of achieving "strategic victory" over communist rebels by December.

Armed Forces of the Philippines (AFP) Chief-of-Staff Gen. Lisandro Abadia said yesterday the military will focus this year on the remaining insurgent strongholds in four traditional insurgent-affected areas.

He identified these areas as the Cordillera Region, especially Kalinga Apayao; Northeastern Mindanao, especially Surigao; Bicol, especially Sorsogon; and Samar.

He explained the third phase of the AFP's Lambat Bitag [Net- Trap] counter-insurgency strategy intends to produce a "domino effect... to bring strategic victory for the government by the end of this year."

"What we will do is to concentrate the majority of our forces in the area where the insurgents are strongest. We will employ everything, including armor, aircraft and even warships, against their strongholds," he said.

"Once we defeat them there, we will move on to the other areas where they are not that strong."

The AFP chief clarified, however, that civil-military operations would form an indispensable part of this phase. The operations would entail building vital infrastructure such as roads, bridges, and schoolbuildings, and rehabilitating calamity-stricken areas.

It will be recalled that while government claimed to have achieved strategic control over insurgents last year, it failed to meet quantitative parameters set by the Lambat Bitag.

Gen. Abadia clarified that while the AFP failed to meet its goals of reducing insurgent manpower to between 8,000 and 10,000 regulars; firearms to 7,000 units; and insurgent-affected barangays to 2,000 communities, "strategic control remains a qualitative judgment... by which the rebels' movements are limited."

Observers believe the lack of specific quantitative parameters to define "strategic victory" may facilitate government's claim to achieving the final stage of its counterinsurgency drive.

So far, Manila maintains a general definition of "strategic victory" as "the point at which the insurgency ceases to pose a threat to national security."

Ramos Approves Jakarta Peace Talks Resumption

HK1404143193 Quezon City ABC-DWET Television in Tagalog 1000 GMT 14 Apr 93

[From the "ABC-DWET News" program; italicized passage in English]

[Text] Malacanang announced today that President Ramos has approved the resumption of peace talks between the government and Moro National Liberation Front rebels. The peace talks resumed in Jakarta, Indonesia today and are expected to end on 16 April. Malacanang has explained that the peace talks are being conducted through what it termed a *shifting venue policy*. The second part will be held inside the country.

President Ramos has thanked Indonesian President Suharto for the assistance he has given to the Philippines' peace process. At the same time, Malacanang has given government negotiators the authority to reopen talks with the National Democratic Front.

Muslim Leader: Talks Doomed

HK1504085593 Manila DZXL Radio Mindanao Network in Tagalog 0700 GMT 15 Apr 93

[Text] The chairman of the Bangsa Moro Islamic Party [BIMP] today said the talks between the government and the Moro National Liberation Front [MINLF] in Jakarta, Indonesia, as part of the peace process, are bound to fail.

Firdausi Abbas, who is also the spokesman of the Moro Islamic Liberation Front [MILF], said the peace dialogue now going on in Indonesia would be useless because the MNLF is not the only rebel group in Mindanao.

Abbas said the government's talking to MNLF may even incite MILF members by showing that MNLF was being given more attention.

He added that the government's peace offer will be accepted by MILF only if genuine reforms are implemented in Mindanao, which they have been fighting for.

Meanwhile, it was learned from BIMP officials that they were ready to hold consultations with the Ramos administration.

Ramos Asks Muslim Envoys To Support ARMM

HK1504093493 Manila DZXL Radio Mindanao Network in Tagalog 0700 GMT 15 Apr 93

[Text] President Fidel Ramos has called on the ambassadors of Islamic countries assigned here in Manila to continue supporting the Autonomous Region of Muslim Mindanao [ARMM]. The president made this request during a luncheon held at the Manila Hotel in honor of newly elected ARMM Governor former Ambassador Luningding Pangandaman, hosted by Foreign Affairs Secretary Roberto Romulo and attended by the ambassadors of several Islamic countries.

Ramos also thanked the various Islamic countries represented at the luncheon for their continuous support of the Philippine Government and its position on the Islamic Conference Organization [ICO].

The president was also optimistic that the government's efforts to develop the ARMM and achieve genuine peace in the region will be realized during Governor Pangandaman's administration.

Pangandaman will head an information mission that is scheduled to leave for the ICO Secretariat Headquarters in Jeddah, Saudi Arabia this month. The mission is tasked with informing the members of the ICO of the ARMM's economic and investment potentials. It also hopes to muster additional support for the government's peace initiative in Mindanao.

Thailand

Prasong: Khmer Rouge Still Part of SNC

BK1504071193 Bangkok Radio Thailand Network in Thai 0530 GMT 15 Apr 93

[Text] Speaking to reporters at Government House this morning, Foreign Minister Squadron Leader Prasong Sunsiri said:

[Begin recording] [Prasong] I have learned from a report that the Khmer Rouge has sent a letter to Prince Norodom Sihanouk to seek his permission for the temporary closure of their office in Phnom Penh. The Khmer Rouge said they fear for their own safety because it has been announced that they, the Khmer Rouge, are responsible for the fighting in different places. Their safety is the reason they cited for the closure of their office. There has not been any report to the effect that the Khmer Rouge has resigned from the SNC [Supreme National Council]. The closure of office and resignation from the SNC are two different matters. I have not received such a report. In any event, the situation in Cambodia is a matter of concern. As I said earlier, Thailand and the other ASEAN countries are concerned about the situation in Cambodia both before and after the election.

[Unidentified report] [passage indistinct]

[Prasong] We must make it clear that they closed their office, they did not leave the SNC. They close their office in Phnom Penh for safety reasons. They said arrest warrants have been issued for the Khmer Rouge men alleged to have created untoward incidents. I realize that the Khmer Rouge have refused to participate in the election from the very beginning. This is not the first time they have made their stand known. They announced from the beginning that they will not participate in the polls. According to the report I have received, the Khmer Rouge sent a letter to Prince Sihanouk to inform him about the temporary closure of their office and reaffirm their commitments to the Paris agreement. [end recording]

[Hong Kong AFP in English at 0601 GMT on 15 April in a similar report adds the following: "Thai Foreign Minister Prasong Sunsiri said Thursday that it is up to the United Nations to coax the hardline Khmer Rouge back to the Cambodian peace process, but Thailand will do what it can to help. Prasong, speaking to reporters before a cabinet meeting here, said the communist Khmer Rouge had not formally abandoned the peace process but had temporarily left their headquarters in the Cambodian capital of Phnom Penh. He said their move had been prompted by arrest warrants recently issued by the Phnom Penh government against their leaders. He said it was up to the UNTAC, which is charged with overseeing national elections next month that are intended to return Cambodia to democracy, to assure the safety of the Khmer Rouge and bring them back to the fold. But, Prasong said, Thailand would do what it can to help convince the recalcitrant guerrilla group to become active in the peace process."]

Saudi Prince Departs; Pleased With Efforts

BK1404152193 Bangkok Radio Thailand Network in Thai 1200 GMT 14 Apr 93

[Text] At the Bangkok International Airport this afternoon, Interior Minister General Chawalit Yongchaiyut spoke with newsmen after seeing off Saudi Prince Mohammad bin-Nawwab bin-'Abd-al-'Aziz. Gen. Chawalit said the prince's visit to Thailand resulted in satisfactory resolution of every problem. The prince was quite satisfied with the explanation by the Thai Government, and he thanked the Thai Government and people for their warm reception.

Asked if during the visit the Saudi prince asked the Thai side to follow up on any specific issue in addition to listening to the briefing on various problems, Gen. Chawalit said that in fact the jewelry theft became the minor issue, noting that the prince gave more attention to the murders of Saudi diplomats. Chawalit said both governments will have to cooperate in the search for facts regarding those murders and in providing better security for such officials. He said the cause of the murders of the diplomats did not originate in Thailand but somewhere else. In any event, the problems were satisfactorily solved, which will improve relations between the two countries.

Saudi Envoy Positive About Ties

BK1504012193 Bangkok THE NATION in English 15 Apr 93 pp A1-A2

[Text] Thai-Saudi relations can expect to return to normal soon as Riyadh is satisfied with the Thai government's sincerity in handling several crime investigations which have strained ties for years, the Saudi envoy here said yesterday.

Bangkok-based Charge d'Affairs Muhammad Sa'id Khujah, who has criticized the efforts of Thai authorities, said Saudi Arabia appreciated the Interior and Foreign Affairs ministries' hard work on the cases, which have been a source of exasperation for his country for about four years.

"It is not only Thailand which wants relations to be normalized, but Saudi Arabia as well," he said.

Though Khujah did not indicate immediate nomnalization because the process "may take time", he said tongue-in-cheek that he hoped reconciliation could come "in a few ... hours".

Khujah made his most positive remarks yet concerning Thai-Saudi relations after bidding farewell to Prince Muhammad bin-Nawwaf bin-'Abd-al-'Aziz, who left Bangkok for Beijing yesterday after a three-day personal visit.

His visit came as Thai authorities have been speeding up the investigation into the jewellery theft case, the only one of the cases that has not been closed.

Khujah said his government was greatly concerned about the whereabouts of some of the jewellery stolen from a Saudi palace by Kriangkrai Techamong because some of the items are antiques and very valuable.

"It would be a dream if all the precious items were retrieved and returned to the owners," he said. "I understand that it is a difficult job."

He said a report handed to the prince did not reveal who purchased the jewellery which Kriengkrai stole and smuggled to Bangkok. Riyadh has claimed that some of the jewels retrieved and returned to Saudi Arabia by Thai police were fake.

When asked to comment on reports that the wife of a police general had the stolen jewels, the outspoken diplomat said this was not his business.

Riyadh is also closely monitoring the investigation into the presumed killing of a missing Saudi businessman, Muhammad al-Ruwayli, whose clan is said to be close to the Saudi royal family. A senior Thai police officer has been charged with involvement in his abduction.

"Is it humane and acceptable for a police officer to kidnap and kill a man? I will soon submit a report on the murder of al-Ruwayli to Riyadh for study," Khujah said.

Also at the airport were Interior Minister Gen Chawalit Yongchaiyut and Interior Deputy Permanent Secretary Ari Wong-araya. Ari is chairman of an Interior Ministry committee probing the jewellery theft, al-Ruwayli's abduction and the murders of four Saudi diplomats in 1989 and 1990.

Gen Chawalit, meanwhile, said that the visiting prince showed more interest in the murder cases. The interior ministry late last year wrapped up the murder probe, blaming foreign terrorists for the assassinations.

Ari added that Saudi Arabia, pledging safety for Kriangkrai, still prefers that he re-enact the theft at the Saudi palace to find the weak points in the security system there.

Saudi Arabia wants Kriangkrai to go on "the goodwill mission" led by Deputy Foreign Minister Surin Phitsuwan to Riyadh from April 22- 28, he added.

Kriangkrai, who has served time in prison for the theft, has refused Riyadh's request, fearing for his safety.

Ari yesterday predicted quick normalization of Thai-Saudi ties.

"Relations will improve greatly as Thai officials have been frank when we briefed the prince on the results of our investigations. It is our duty to report accurate information. Black is black and white is white," Ari said.

A reliable source yesterday said the prince and his entourage initially had no intention of stopping over in Thailand on their way to Beijing.

All Activities To Stop Till Laos Border Defined

BK1404014093 Bangkok BANGKOK POST in English 14 Apr 93 p 3

[Text] Ubon Ratchathani—Local Thai and Laotian authorities haye agreed to stop all activities along a one-kilometre-wide border strip adjoining Ubon Ratchathani and Laos' Champassak province until the border is clearly defined.

The agreement was reached on Monday between a Thai team led by Deputy Governor Chatsa-nga Molichat and Champassak authorities.

Mr Chatsa-nga led the Thai team into Laos to negotiate on an alleged intrusion by a 32-strong Laotian police unit one kilometre inside Thai territory at Ban Woen Buk of Khong Chiam District.

The Laotian unit allegedly cleared the area to set up a checkpoint and a warehouse.

On his return yesterday Mr Chatsa-nga said the Laotian authorities admitted the alleged intrusion might have resulted from a misunderstanding that the area was in Laos.

Both sides agreed to stop all activities along the one-kilometre- wide strip until the,border is clearly defined. They also agreed to join hands to preserve natural resources in the area, Mr Chatsa-nga said.

Government Ready To Promote Ties With Laos

BK1504012593 Bangkok THE NATION in English 15 Apr 93 p B1

[Text] The Thai government is ready to promote further trade and investment with Laos with the Cabinet scheduled to approve a draft agreement today in preparation for Prime Minister Chuan Likphai's upcoming visit to Laos.

According to a source in Government House, the PM's Office will present the draft agreement on cooperation between Thailand's Board of Investment (BoI) and Laos's Foreign Investment Management Committee (FIMC) to today's Cabinet meeting.

Prepared by the BoI, the draft agreement will be effective for two years.

The BoI secretary-general is required to sign the pact, which stipulates that the BoI will be solely responsible for funding the promotion. According to the source, the draft agreement is similar to that agreed between the BoI and Vietnam's State Committee for Cooperation and Investment.

The source said that the Ministry of Foreign Affairs believed the agreement would strengthen the relationship between Thailand and Laos.

Meanwhile, the source said that BoI Secretary-General Stapon Kawitanon had recently been informed that Laos wanted to change two clauses in the draft.

First, the land-locked nation wanted to scrap a clause relating to problems and solutions, because according to Laos, the contents have already appeared in its FIMC statement.

ACM Kan Leads Delegation on PRC Visit

BK0904025593 Bangkok BANGKOK POST in English 9 Apr 93 p 7

[Text] Air Force Commander-in-Chief ACM [Air Chief Marshal] Kan Phimanthip and other senior officers yesterday left for China on a one-week official trip.

Accompanying ACM Kan to China were Assistant Air Force Commander-in-Chief ACM Siriphong Thongyai, Air Force Chief of Staff ACM Samat Sotsathit, Air Force Welfare Department Director VM [Vice Marshall] Banthom Ruangchan, Air Force Secretary VM Krit Atsawanan and ACM Kan's wife, Khunying Chitwadi.

The group will return on April 14.

On the same flight to China was House Armed Services Committee chairman Gen [General] Athit Kamlang-ek, who was leading an eight-person team to learn about Chinese military affairs.

Commerce Ministry Closes Rice Deal With PRC

BK1504072893 Bangkok Radio Thailand Network in Thai 0000 GMT 15 Apr 93

[Text] The Commerce Ministry has been successful in negotiating the sale of 150,000 tons to China. Negotiations on kinds of rice and price will follow between the Foreign Trade Department and China's (Cereal Food Company). Commerce Minister Uthai Phimchaichon informed newsmen after returning from China that the rice bought by China will be resold to third countries.

[Begin Uthai recording] Regarding the purchase of this lot of rice, China leaves open the condition that we will permit it to send the rice to third countries if necessary. We told the Chinese that we can discuss it once the time comes to send it to third countries. It was finally agreed in principle that the Chinese will buy 150,000 tons. To cement the deal, the president of the company which directly handles rice transactions, the (Cereal Food Company), signed a contract with Adun, the representative of the Foreign Trade Department. I will report this matter to the cabinet later. [end recording]

Tatarstan Republic Proposes Cash-for-Oil Deal

BK1504035793 Bangkok BANGKOK POST in English 15 Apr 93 p 28

[Text] The Russian republic of Tatarstan has proposed to supply Thailand with crude oil, starting next year, in return for a cash investment of about US$1OO million later this year.

The investment is intended, officials said, to help the southern Russian republic restore production at idle oil wells, provide imported equipment and spare parts that are in short supply, and assist the newly privatised companies now establishing themselves in the oil sector.

The proposals were made by the Vice President of the Tatar republic Vasiliy Likhachev, and the Minister of Foreign Economic Relations, Shavkat Arslanov, during the visit to the republic recently by the Thai Ambassador to Russia, Kasit Phiromya.

Ambassador Kasit told the BANGKOK POST that the oil investment proposal has been presented in general terms. Details are being considered by the Petroleum Authority of Thailand (PTT) before further steps will be taken.

The Thai Government has already proposed to the federal Russian Government to take delivery of crude oil in a barter exchange for rice, as well as to liquidate Russia's US$63 million debt currently overdue. Moscow has not yet responded.

Tatarstan's oil production has been declining steeply in recent years, and the republican government has been negotiating with a variety of foreign oil companies to finance new investment and revive output.

In 1975 the peak of production was 103 million tonnes for the year—a rate of 2.1 million barrels per day (bd). In 1992, however, this had dropped to an estimated 28 million tonnes for the year—566,000 bd. For this year the projection is for a further production decline to 24 million tonnes—485,000 bpd. According to an unconfirmed technical report, the average well is currently pumping 87 percent water.

Tatneft, the pricipal oil producing enterprise in the republic, currently ranks fifth among Russia's leading producers. With output of 5.1 million tonnes (405,000 b/d) in the fourth quarter of last year, Tatneft's volume was one-third of the production by the oil leader, Nizhnevartovskneftegaz, which is based in the Tyumen region of western Siberia.

The republican government recently signed agreements for Tatneft to supply 1.5 million tonnes of oil to the Myazhinkayskiy refinery in Lithuania; and a further agreement has been signed with the Byelarus government to trade oil for consumer goods.

One foreign joint venture has so far been registered to produce oil from existing fields.

While they try to raise their production level, the Tatar authorities have also tried to get the agreement of the Government in Moscow to accept less oil from current production. In 1992 this state quota amounted to 50 percent of Tatarstan's output.

The most urgent needs for hard currency investment in the oil industry are to pay for imported chemicals, blow-out preventers, machine spare parts, and special drilling technologies and equipment.

Of the 147,089 operable oil wells in the Russian federation, oil ministry officials have told the BANGKOK POST, 7,626 have been idle for less than a month (5.2 percent), and 22,360 have been idle for longer (15.2 percent).

The estimated average yield of these idle wells is 8 tonnes per day per well (58 bld). This amounts to approximately 29 million tonnes (213 million barrels) of oil which could be extracted but is unavailable in present conditions.

Privatisation of Russia's oil enterprises will shortly extend to Tatarstan, where the new Yukos corporation will operate fields, as well as the Samara refinery near Kuybishev.

Aviation Agreement Reached With Uzbekistan

BK1104014493 Bangkok THE SUNDAY POST in English 11 Apr 93 p 2

[Text] Thailand recently reached an aviation agreement with Uzbekistan to begin cargo flights soon, Civil Aviation Department Director-General Rungrot Sipasoetsuk said.

The agreement gives the two countries the right to fly two flights between Bangkok and Tashkent, the capital of Uzbekistan, with Boeing 747 aircraft, he said.

Uzbekistan, which broke away from the former Soviet Union is expected to start flying two cargo flights to Bangkok to carry Thai exports, mainly garments, while Thailand has no planes to fly the route for the time being, Mr Rungrot said.

PTT Negotiates Natural Gas Deal With Burma

BK1304033393 Bangkok THE NATION in English 13 Apr 93 p B1

[By Phichaya Changson]

[Text] The Petroleum Authority of Thailand (PTT) expects to strike a deal to acquire natural gas from the Burmese government by the end of this year.

The expectation follows recent negotiations between senior officials from the Myanmar Oil and Gas Enterprise Co, the Burmese national oil company, and the PTT officials last week. The two sides negotiated the conditions of the natural gas acquisition from the Mataban Gulf. Staff from Total Exploration Co, which recently inked the contract with the Burmese government to explore the natural gas at the site, also attended the meeting.

According to PTT Governor Luan Kritsanakri, the meeting marks the second round of negotiations between officials of the two states. Luen, a few months ago, visited Burma to discuss the deal with the Burmese officials for the first time.

At any rate, Luan said the Burmese officials had not quoted the price during last week's meeting. The price of natural gas will be further worked out, he said. The Thai and Burmese officials are scheduled to have the next meeting on Jun 2.

A source from the oil industry said the PTT is also negotiating with Total Exploration Co to hold some shares in the petroleum exploration site.

The Burmese government has allowed the PTT Exploration and Production Public Company Ltd (PTTEP), an exploration arm of the PTT, to hold up to 30 per cent shares in the site.

Located south of Rangoon, the exploration site is confirmed by experts of holding natural gas. Total Exploration Co is holding 52.5 shares in the site, the remaining goes to Unocal. The Burmese government, however, has an option to have 15 shares in the site.

Phichai Chunhawachit, vice president to finance of the PTTEP PCL, said the PTTEP stands a good chance to have some shares in the site because Thailand has enjoyed a relative increase of natural gas demand.

The source added that PTTEP is also negotiating with Texaco Co, another oil exploring company at the petroleum site in Mataban Gulf, to acquire the natural gas. Texaco receives the rights to explore the natural gas with Premier Oil. The track is located in the east of Mataban Gulf, close to Ranong. Texaco will have to further explore the site to confirm the amount of natural gas reserves.

Sources said that the investors in Burma have recently shifted their interest from the natural gas site onshore to the offshore site in the Gulf of Mataban because a number of oil companies have failed to obtain natural gas from the onshore site. Today, only 2-3 investors remain, continuing operations in Burma, from a total of 11 international oil companies which participated in exploring petroleum site in the initial stage.

The 11 companies had put a combined investment of about US$500 million to explore petroleum at the site.

The Consortium of Unocal, Petro Canada and PTTEP, which received the rights to explore the Block F petroleum site, has also recently decided to stop its exploration work, after injecting more than US$40 million in the project.

At the same time, sources said that the PTT recently began a serious talk with Petronas Co, the national oil company of Malaysia, to acquire natural gas from the latter.

Hungary Eyes Bus Contract, Indochina Business

BK0804023193 Bangkok BANGKOK POST in English 8 Apr 93 p 28

[Excerpts] Sometime in the next few months a second articulated bus is likely to appear on Bangkok's streets. The first was supplied by Volvo of Sweden and it has been tested on a number of routes, apparently to the satisfaction of passengers and drivers of the Bangkok Mass Transit Authority (BMTA).

The second bus should come from a country that is so far unrepresented in Thailand's transport sector, but one that claims to possess the world's largest manufacturer of articulated buses.

Ikarus Body and Coach Building Works, whose history dates back to a cart maker in 1895, is giving the bus to the BMTA as part of its bid to secure a contract with Bangkok's bus company. A decision on whether to buy articulated buses—which have three axles, bend in the middle, and are considerably longer and carry more passengers than ordinary buses—is due later this year.

Others have tried and failed before. The most notable case was the Belgian company Van Hool which spent the best part of the 1980s trying to persuade the BMTA to re-equip its fleet with high-quality articulated buses.

A contract was actually signed only to be snatched away on a technicality, and the Belgians have now given up, unless Volvo decides to use Van Hool bodies.

The Hungarians, however, are optimistic. "I am almost sure, if we don't make any mistake," says Ferenc Tolgyessy, Hungarian commercial counsellor in Bangkok.

His Government is keeping up the pressure to do business with Thailand, not only by selling buses.

Businesses dealing with trading power engineering and heavy electrical equipment, and aluminium ("Hungary is one of the biggest producers in Europe") are also keen.

Ganz-Hunslet Rt of Budapest whose history dates back even further to the 1840s and 1850s, was for a time the largest supplier of railway wheels in Europe. Hungary was only the second country in the world to build a railway.

Ganz-Hunslet Rt is preparing to tender to supply 100 carriages to the State Railway of Thailand (SRT) and also wants to sell locomotives and diesel units.

The company could also supply parts for rolling stock such as bogies and wheels and possibly rails. The SRT's double-track programme could mean an 80-billion-baht investment in rails alone, Dr Tolgyessy says.

"I think this is now the right time."

The right time, from his perspective, arises for a number of reasons, as well as infrastructure investment in Thailand.

February's state visit by Hungarian President Arpad Goncz gave the country a higher profile in Thailand. Dr Tolgyessy is keen to keep up the momentum, and Deputy Commerce Minister Phaithun Kaeothong's current visit to eastern Europe, including Hungary, will also help. [passage omitted]

And Thai companies are planning to participate in Hungary's autumn trade fair, Dr Tolgyessy adds.

He acknowledges that Hungary made some mistakes in the past. One was a failure to appreciate the potential of Vietnam even though both were members of the former Comecon. Some Hungarian companies are therefore looking to enter Indochina through Thailand, showing that the earlier neglect was a "short-sighted and stupid approach".

One outcome of recent contacts has been success in persuading Ikarus that to try to supply articulated buses imported whole from Hungary would be a mistake. Ikarus is therefore looking for a Thai partner to assemble buses in this country.

The partner would not need to have experience in the industry, although knowledge of metalwork would be needed. Dr Tolgyessy says that in the past Ikarus found that attempts to create joint ventures went wrong because prospective partners turned out to be working for the competition.

The value of the articulated bus Ikarus is giving to Bangkok is "roughly" less than $200,000 (about five million baht). A more exact figure would be giving away a trade secret.

It will be air-conditioned, carry 160-180 passengers, and in this case will be imported as a complete vehicle. [passage omitted]

His confidence is also based on Ikarus' claim to be 20-30 percent cheaper than its rivals.

Several thousand Ikarus buses are running in 10-15 big cities in the United States, he says. They have also been sold to Canada, South America the Middle East, Turkey, Cuba, China, Taiwan, Australia, Europe and North Africa. Fleets in some of these countries also run to several thousands, Dr Tolgyessy says.

Last year saw a turnaround for Hungarian trade.

Spokesman: Government 'Sound', Economy 'Stable'

BK1104024693 Bangkok THE SUNDAY POST in English 11 Apr 93 p 20

[Text] While admitting that the Government has not met the public's high expectation and that the disunity within the coalition may have affected its stability, Government Spokesman Aphisit Wetchachiwa insisted that the Government's management style is sound and the economy is stable.

From the outset, the Government has aimed at preventing several controversial issues it inherited from blowing up. These included the amnesty decree; the conflict within the judiciary, and the labour issue.

"We've now resolved almost all these time bombs," he claimed.

Viewed from businessmen's standpoint, Mr Aphisit said the stability of the system and the continuity of government are the most important factors affecting the confidence of foreign investors.

"Foreign businessmen who are well acquainted with Thailand have seen that even though there have been several changes of government within the past decade, our economic policy and direction have continued uninterrupted. This is probably the secret of our economic success," he said.

The world's economy has not recovered at the pace that many people have expected, which is the reason why the pace of economic development in Thailand has also slowed down. Some of the businesses here are what is called 'soap bubble' businesses which depend on inflated prices, he said. Once they reach a certain level, they are bound to collapse. And that is what happened to the real estate and hotel industries.

Responding to criticisms of the Government's tendency to propose various new projects instead of looking at "the big picture" to determine why the Government has no clear economic achievements, Mr Aphisit said it is a matter of difference in opinions. The question is: where do the obstacles lie; he said. [punctuation as published]

In assessing the Government's performance, one needs to make distinction between macro and micro economic development.

"If our economy slows down because of the slowdown in the global economy, the question becomes: how are we going to solve the problem? During Gen Prem Tinsulanon's government when the oil crisis hit Thailand, the global economy was in a slump as the result of a supply problem. The policy to save was necessary, otherwise there would have been high inflation and instability in other areas.

"But the current slump is the result of a demand problem. A policy to stimulate the economy is thus necessary," the spokesman explained.

That is the reason why half of the 560,000 million baht budget has been earmarked for investment in the infrastructure, he added.

"It may seem like a Keynesian way of stimulating the economy. But we're doing it very carefully. It will in fact supplement private investment instead of taking away investment fund from the private sector."

At the micro level, Mr Aphisit said the Government is maintaining the policy of allowing the private sector a greater role in various spheres of the economy, including the infrastructure construction or the taxation within the AFTA framework. The Government has also continued the contracts which Mr Anan had committed with foreign countries.

Representatives of the private sector in the Joint Public and Private Consultation Committee expressed confidence that there is an appropriate forum and mechanisms to deal with problems and obstacles faced by the private sector, he said.

"We're clear on our commitment to alleviate these problems, though I admit that our speed may not be up to that of Mr Anan's government."

He argued that there is only one case where the Government has interfered with the free-market system, that is the stock market.

"The reason we have to intervene is that there were problems in the rules governing the buying and selling of stock. We must make the arrests to enhance the standard of the stock market under the supervision of the Securities and Exchange Commission (SEC)" Mr Aphisit said.

He insisted that the action did not give the SEC more power than what it already has by law. Nor did it go against the policy of giving the private sector a freer hand. "If the state did not intervene," he said, "the stock index might have gone up but it would have a market dominated by stock manipulation."

The establishment of the fund to shore up the stock market, he said, as to do with the psychology of stock investors who need an assurance for their investment at the time when their confidence has been shaken. It does not conflict with the principle of a free market, the spokesman said.

Regarding the FCI scandal, he said the Government could choose to let the financial company collapse. But the company's investors would have suffered and the collapse would have a great impact on other financial institutions.

"Let's compare this case with other cases in the past such as the Raja Finance in which depositors suffered a great deal. This time, the FCI depositors will get all their money back although it might be late by some 40 days...We don't wish to fully intervene in the market. We merely wish to ensure that the public are protected and are treated justly."

The Government is also moving forward with the privatisation of state enterprises, he said. Even the elevated Skytrain project which the Anan government wanted to handle itself, this government wants the private sector to be involved.

He noted that the expressway toll controversy, which is a political problem, is another example of the Government's determination not to upset the private sector's confidence. The Bangkok Expressway Co Ltd will get its share of 18 baht in each one-way toll as stipulated in the contract, he said.

"This should make it clear that the free-market economy policy in this government will continue. We will not interfere in private enterprises unnecessarily. We will limit our role to dealing with cases where a large number of people may be maltreated."

The situation of the stock market depends largely on the political situation, the spokesman noted. At the moment, the factors which have shaken the market occurred at two levels. One is political which includes the Supreme Court ruling on the National Peace-keeping Council's Order 26 to seize assets of politicians deemed to be "unusually wealthy" and the "conflict of opinions" within the government coalition. The other is the fear within the market of imminent arrests of more share manipulators.

Mr Aphisit said the problems would soon be resolved. Given more time and given that the public get used to the situation, the confidence in the market will increase.

At the macro level which involves investment at the fundamentals, the picture is not yet clear enough to allow measurement of the economic growth. "That's because there are external factors involved. It will take some time. The Government's policy to stimulate the economy will not yield results until the third quarter," Mr Aphisit said.

As to whether the atmosphere in Thailand is conducive to foreign investment, Mr Aphisit said the most important thing is the infrastructure. The Government has already put forth many projects to build up the infrastructure, including four-lane highways nationwide, double-track rail, and telecommunication expansion.

The Government is also in the process of making decisions on energy and water sources. It is planning to revamp state enterprises to provide better services. "We will not walk away from problems," he said emphatically.

Mr Aphisit added that the Government has been considering a great number of laws and will repeal outdated ones.

"We are also looking at other areas, such as labour and interest, to make sure that our businesses remain competitive in the international market," he added.

Politically, the convening of the Parliament in May will determine the Government's stability and direction. Mr Aphisit said the Government will submit several bills aiming at boosting the confidence level in the economy. These bills include one to establish an export-import (EXIM) bank and another to set up economic zones.

The spokesman expressed no concern at the prospect of a no-confidence debate to be initiated by the Opposition. It will prove how stable the Government is, he said.

He insisted that the Government's stability is not a problem. "And we will not create conditions for another coup by keeping the military away from politics."

Vietnam

Country Emerges as Major World Rice Exporter

BK1504092293 Hanoi Voice of Vietnam in English 1000 GMT 9 Apr 93

[Excerpts] [passage omitted] Vietnam in the last four years has exported about 5.8 million tonnes of rice, valued at more than $1 billion. In 1992 alone, Vietnam exported nearly 2 million tonnes. Rice has become one of the five main export poducts of Vietnam. [passage omitted]

In the last fifty years, most of the time Vietnam was in the state of food shortage; and now Vietnam can produce enough rice for its people, for storing, and even exports the surplus to other countries. It now ranks third after Thailand and America as a rice exporter. Vietnamese rice is now present in many new markets in Africa, Asia and the Middle East. And Vietnamese rice attracts customers because of its quality that meets international standard, and also because of its reasonable price. [passage omitted]

During a meeting with Vietnamese rice exporters, the Minister for Trade Le Van Triet maintained that following traditional markets in Asia, the Middle East, and Africa, it is now time to pay more attention to other countries which can consume a large quantity of rice. This particularly applies to Japan, a country having a great demand for importing rice, and which is not far from Vietnam geographically. [passage omitted]

State Bank Outlines Annual Economic Goals

BK1404155793 Hanoi Voice of Vietnam in English 1000 GMT 9 Apr 93

[Text] As reported earlier, the Vietnam State Bank holds an annual general meeting in Hanoi from 6-8 April. Following is our summary:

A report delivered at a meeting says that although Vietnam's economy last year was still imbalanced and faced the difficulties in mobilizing capital, we did succeed in meeting capital demand for economic development. Besides, the Vietnamese bank has applied various measures to draw in the flow of cash to cover economic needs. Noteworthy is that in 1992 we collected back about 12 billion dong through sales, roughly $1.2 million, and encouraged people to send the money to savings banks of about 9,000 billion dong.

Other progress recorded last year included changes in the [words indistinct] settling the time for accounting and good management of hard currency and precious metals. At present, the Vietnamese State Bank has announced reserves to intervene in the market and meet the demand for national economic development. By 31 December 1992, the amount of hard currencies and gold we had could ensure for three months of import. In 1992, Vietnam unified and controlled the import of gold. Prices of gold and dollars were reduced gradually and remained stable. Concerning 1993 objectives, the Vietnamese State Bank will strive to stabilize the foreign exchange rate, and the price of gold, and keep the inflation rate to below 15 percent. Vietnam also strives to obtain a gross national product growth of 7.5 percent.

Minister Attends DPRK Leader's Birthday Fete

BK1404150993 Hanoi VNA in English 1439 GMT 14 Apr 93

[Text] Hanoi VNA April 14—The Charge d'Affaires of the Embassy of the Democratic People's Republic of Korea in Vietnam Yi Kuan-il gave a reception here this evening on the occasion of the 81st birthday of President Kim Il-song, general secretary of the Workers' Party of Korea Central Committee.

Present at the reception were Tran Hoan, member of the Communist Party of Vietnam Central Committee, and minister of culture and information; Vu Khoan, deputy foreign minister; and Le Van Dy, president of the Vietnam-DPRK Friendship Society.

Minister Tran Hoan and Mr Yi Kuan-il raised toast to the health of President Kim Il-song and to the further consolidation and development of the friendship and cooperation between the two countries.

PRC's Jiang Zemin Receives Vo Nguyen Giap

BK1404134793 Hanoi VNA in English 1332 GMT 14 Apr 93

[Text] Hanoi VNA April 14—General Secretary of the Communist Party of China and President of the People's Republic [Jiang Zemin received] General Vo Nguyen Giap during the latter's current visit to China, which began on April 5.

General Vo Nguyen Giap conveyed to General Secretary Jiang Zemin and the other Chinese party and state leaders regards from General Secretary of the Communist Party of Vietnam Do Muoi and the other Vietnamese party and state leaders. He said that the development of the Sino-Vietnamese friendship conforms to the vital interests of both peoples and plays an extemely important role in maintaining peace and stability in the Asian-Pacific region. He also made clear Vietnam's desire to further enhance its cooperation and friendship with China.

General Secretary Jiang Zemin pointed out that since the normalization of the Sino-Vietnamese relations, development has been made in various aspects of the bilateral relations. He also reaffirmed China's desire for cooperation and friendship with Vietnam and expressed his optimism about the prospects of these relations.

Vietnamese Ambassador to China Dang Nghiem Hoanh was present at the reception.

PRC Press, Publication Officials Visit

BK1404143193 Hanoi VNA in English 1412 GMT 14 Apr 93

[Text] Hanoi VNA April 14—A group of senior officials of the Chinese General Department of Press and Publication on April 12 concluded a fortnight working visit to Vietnam as guests of the Ministry of Culture and Information.

While here, the Chinese guests paid homage to the late President Ho Chi Minh. They had working sessions with press institutions, publishing and printing houses, and distribution offices in Hanoi, Haiphong City and Quang Ninh Province in the north, and Ho Chi Minh City and Ba Ria-Vung Tau Province in the south.

The Chinese guests also had talks with Vice Minister Vu Khac Lien and other officials of the host ministry, in which the two sides discussed measures to promote their bilateral cooperation in the field.

Vo Van Kiet Receives ROK Industrialist

BK1404144993 Hanoi VNA in English 1425 GMT 14 Apr 93

[Text] Hanoi VNA April 14—Prime Minister Vo Van Kiet received here this afternoon Cha Hak Koo, president of the Korea-Vietnam Friendship Association and vice chairman of the Lucky Goldstar Corporation of the Republic of Korea, who is here for a working visit.

The Korean guest expressed his admiration at the rapid changes that had taken place in Vietnam since his first visit six years ago. These changes, he said, are providing a good basis for the further development of the cooperative relations of mutual benefit between the two countries. He also (?promised that) his association would step up its activities for the development of the bilateral relations in conformity with the two peoples' interests and for the interests of peace, friendship, cooperation and development in the region.

In his capacity as vice chairman of the Lucky Goldstar, Mr. Cha Hak Koo expressed his corporation's wish to enter into a joint venture with a Vietnamese partner to build a water supply plant in Bien Hoa, north of Ho Chi Minh City, participate in the modernization of the Vietnamese post and telecommunications system, help train Vietnamese aviation experts and increase its purchase of Vietnam's crude oil.

Primer Minister Vo Van Kiet expressed his wish that the Korea-Vietnam Friendship Association make important contributions to strengthening the mutual understanding and cooperative relations between the two countries.

German Car Firm BMW Signs Assembly Contract

BK1404155893 Hanoi Voice of Vietnam in English 1000 GMT 9 Apr 93

[Text] The BMW Corporation of the Federal Republic of Germany has signed a contract for motorcar assembly to start in Vietnam next year. According to the FINANCIAL TIMES, this contract is of strategic significance for BMW activities in Asia. The newspaper remarks that although the United States has not lift its embargo against Vietnam, Western companies continue their cooperation with Vietnam.

UNDP Grants Aid for Reforming State Firms

BK1404145993 Hanoi VNA in English 1436 GMT 14 Apr 93

[Text] Hanoi VNA April 14—The United Nations Development Programme [UNDP] has decided to grant Vietnam with 2,975,000 USD [U.S. dollars] to help it renovate its state-run enterprises.

The grant is provided for in a project signed here today between Mr. Nguyen Hong Phuc, deputy head of the State Planning Committee, and Mr. Roy Morey, UNDP representative in Hanoi. Preparations for the project have been completed after one year's work undertaken with the assistance of the UNDP and the World Bank. The Vietnamese side will contribute 1.2 billion dong to the project's implementation.

The signing ceremony was witnessed by Prof. Do Quoc Sam, Cabinet minister and head of the State Planning Committee, and many UNDP officials. Minister Do Quoc Sam expressed Vietnam's sincere gratitude to the UNDP for its precious and important assistance and contribution to the project.

The project, which is coded VIE/50/011, is designed to help Vietnam establish a system of legal and other essential instruments and policies to make it most convenient for enterprises and businesses in both of its public and private economic sectors to (?develop.)

Marshall Islands Foreign Minister Visits

BK1404143993 Hanoi VNA in English 1418 GMT 14 Apr 93

[Text] Hanoi VNA April 14—Foreign Minister Tom D. Kijiner of the Republic of Marshall Islands arrived here this afternoon for a four-day official visit at the invitation of Foreign Minister Nguyen Manh Cam.

He was welcomed at the government guest house by Foreign Minister Nguyen Manh Cam and other senior officials of the Vietnam Foreign Ministry.

This is the first visit to Vietnam by a Marshall Islands foreign minister. The two countries established diplomatic relations in July 1992.

Deputy Premier Meets Finnish Delegation 6 April

BK0804101493 Hanoi Vietnam Television Network in Vietnamese 1200 GMT 7 Apr 93

[Text] On the afternoon of 6 April in Hanoi, Deputy Prime Minister Phan Van Khai received a delegation of the Finnish Ministry of Development Cooperation, led by Minister Toimi Kankaanniemi, which currently on a working visit to Vietnam.

Deputy Prime Minister Phan Van Khai told the Finnish guests of the achievements recorded by our people, especially in the first stage of the renovation process. The deputy prime minister thanked the Finnish Government for its assistance to our country and expressed the hope that bilateral cooperation will be strengthened further and relations between the peoples of Vietnam and Finland will develop with fine results.

Minister Toimi noted with satisfaction the results of cooperation between Finland and Vietnam under various projects. The minister informed Deputy Prime Minister Phan Van Khai of the situation concerning economic development in Finland and affirmed that Finland still firmly maintains cooperation with Vietnam at present as well as in the future, despite the fact that its economy in recent years has not developed as satisfactorily as in the past. He also pointed out the need to expand cooperation in the areas of environmental protection and social policy.

The reception proceeded in an atmosphere of friendship and mutual understanding.

Finnish Minister Departs 8 April

BK1404163093 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 8 Apr 93

[Text] At the invitation of Foreign Minister Nguyen Manh Cam, Mr. Toimi Kankaanniemi, minister of international development and cooperation under Finland's Ministry of Foreign Affairs, visited Vietnam from 2-7 April. Accompanying the minister were high-ranking officials of the Finnish Foreign Ministry and International Development Department.

During the visit, Vietnam and Finland signed an agreement to implement the second phase of the water supply project for Haiphong City with Finnish assistance. Kai Granholm, Finnish ambassador extraordinary and plenipotentiary, also participated in the activities of the visiting delegation.

ACCT Official Meets Foreign Minister, Departs

BK1504071093 Hanoi VNA in English 0536 GMT 15 Apr 93

[Text] Hanoi VNA April 15—Mr Jean Louis Roy, secretary general of the Agency of Cultural and Technical Cooperation (ACCT) of the Francophone community left Hanoi yesterday, concluding a five-day official visit to Vietnam.

This was his second visit. The first one was made in March 1991.

During his stay, Mr Jean Louis Roy paid a floral tribute to the late president Ho Chi Minh [HCM] at his mausoleum and visited his former home and office.

He was received by Prime Minister Vo Van Kiet and Foreign Minister Nguyen Manh Cam and had separate talks with Minister of Education and Training Tran Hong Quan, Minister of Culture and Information Tran Hoan and Minister of Justice Nguyen Dinh Loc. The ACCT secretary general also called at the 'The Gici' (World) Publishing House and the Hanoi Polytechnics, and attended the inauguration of a French-teaching centre in HCM city for the Asia-Pacific region.

Australian Firm Prospects for Offshore Oil

BK1504072093 Hanoi VNA in English 0530 GMT 15 Apr 93

[Text] Hanoi VNA April 15—The Neddrill Norkship, a Dermick ship of the BHP oil company of Australia, is making prospection drills for oil at lots 120 and 121 offshore central Vietnam under a ontract signed between this company and its Vietnamese partner.

The ship's prospection work was started early this month and is expected to [be] complete in three months. Twenty Vietnamese workers join in the work.

The Neddrill Norkship is the first to start work offshore central Vietnam this year. Besides the BHP of Australia, three other foreign oil companies, including the BP of Great Britain, the Iplisecap of Sweden and the Sceptre Resources of Canada, are prospecting for oil offshore central Vietnam.

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exposure to intense sales competition and model development competition in domestic markets under such basic conditions which provided for experience under competitive conditions, development and production systems represented by domestic automotive makers, such as Toyota, can be said to have simultaneously achieved characteristics, such as productivity, quality, flexibility, and speed on an internationally high level.

Multitiered supplier relationships centered on long-term transactions can said to have been developed as a result of "high growth rates accompanied by model diversification." At first glimpse, home-visit sales of cars in the domestic market is inefficient, but we must not overlook the fact that they did provide support for the lean-production systems in the form of stable overall sales.

However, the so-called lean-production systems which evolved in such a manner did pose difficulties for workers and parts makers. Certainly, under these systems which were symbolized by Toyota, emphasis was placed on the potential and measures to motivate labor on the assembly line in terms of participation of workers in quality-control activities, small-team activities, restrictions on the breakdown of work (use of multiple-skills concept), and employment stability. On the other hand, it cannot be said that the direct tasks on the production line reflected in the job descriptions were necessarily considerate of all employee factors and we cannot deny many comments of the past that said they were very taxing. Furthermore, while production systems that limited the number of journeyman workers enhanced productivity, they had a tendency of causing long work hours.

Parts suppliers have, on the one hand, been extended conveniences in the way of long-term trade relationships and technical support, but on the other hand they have been exposed to constant demands for continuous reductions in parts prices, increases in quality, and more frequent deliveries in small lots.

Despite such circumstances, even if they complained of difficulties, as long as the parts suppliers continued their relationships with the automakers, they would lead to the enhancement of the competitiveness of the total system and expansion of their share of production volumes and the fruits of such growth would reward workers with higher net pay and suppliers with expanded orders. The existence of such an unspoken understanding probably contributed to the formation of such a system. Put in simple terms, while automakers concentrated on efforts to enhance their competitiveness and satisfaction on the part of consumers, they may have given less priority to active measures to satisfy other interested parties, such as employees, suppliers, shareholders, and the local communities. Regardless, as long as markets grew in an orderly manner and enhancement of competitiveness led to sustained growth, it was possible to retain such stable lean systems which centered on competitiveness. Furthermore, it can be said that it was fortunate for companies that a stable supply of young male workers was available to fill the relatively difficult working conditions.

However, the question arises as to whether such a system can survive when conditions such as high stable growth and a young male labor supply no longer exist. Based on experience accumulated in the 1990's, the answer would be in the negative. In short, we will face a severe labor shortage when we enter an increased production phase and face rapidly deteriorating operating results in the event of a reduced production phase. The industry is thus concerned about the recurrence of vicious cycles, including the inability to maintain resources to provide for continuing investments in systems reform, resultant delays in basic measures required to compensate for labor shortages, and gradual erosion in the multiple-skills systems which supported the competitiveness of Japanese companies. In essence, the underlying imbalance of the past system—superior performance in the market (competitiveness and customer satisfaction) and undesirable performance in the labor area (employee satisfaction and appeal of the work place)—became increasingly conspicuous from around 1990.

Near-Future Scenario

Now, let us take a look at a near-future scenario. Even though we will not see the recurrence of a bubble economy, the next production expansion phase centered around replacement demand will eventually arrive. Thus, in 199X, domestic production will shift to an expansion phase and labor shortages will begin to arise, as was the case around 1991. The automakers will be forced to rely on young and pre-middle age male workers for direct labor on night and day two-shift assembly lines where the work demands physical strength because of existing restrictions under labor standards laws concerning late-night work on the part of females.

However, the 18-year-old population of second baby-boomers has already passed its peak and is now in a declining phase and permanent employment of graduating males will become difficult. Even the shortening of working hours currently under way will aggravate the labor shortage beyond previous levels. Automation has been thoroughly implemented in areas where it could be done at reasonable cost, while the remaining areas for automation require relatively higher investments, but the recession has slowed capital investments and there has been a slow in the pace of automation. Work simplification efforts have slowed since the 1980's and not much can be expected in that area.

As a result, automakers will have to augment shortages in journeymen workers with seasonal workers, including foreign labor, as was the case during the last upturn in the economic cycle. Since seasonal workers are obtained from the free labor market, their wages tend to rise sharply in good times and during this cycle total monthly costs, including various allowances, will exceed 500,000 yen per worker. On the other hand, multiple-skills trained journeymen workers in their 20's, who serve as the core element for the lean-production formula, see that they are earning less than seasonal workers, who are basically single-skilled workers, and become disenchanted with their pay, and resignations among them increase. That situation causes a vicious cycle where labor shortages increase and reliance increases on seasonal workers, thus leading to the internal collapse of the multiple-skills system before entering the 21st century.

The preceding covers a simplified scenario, but the question arises as to whether we can determine if such difficulties could be avoided if we persist in a concentrated competitive lean-production system. This is the situation I was referring to at the beginning of this article when I spoke of the potential for a real test of survival coming during the next upturn in the production cycle.

If a concentrated competitive-type production system based on high growth and young male workers; i.e., a "growth-type lean formula," cannot survive until the beginning of the 21st century, the question arises as to what alternatives exist.

Assuming that the competitiveness of Japanese cars is maintained for the time being, one action that could be taken would be to drop domestic production capacity down from the current 1.3 million to the 1.1 million level of 10 years back and to shift the remaining quantity to overseas production sites (for example, Asia) which can handle imports to Japan. Such drastic curtailment action can be taken to balance domestic output with capacity. Such action could lead to the resolution of domestic labor shortage problems to a large extent.

However, such measures must be labelled as relatively drastic action when one considers the regional impact of factory closures on parts makers, especially secondary parts makers. Furthermore, when one considers the fact that few overseas factories have proven to be profitable, it will probably be difficult for both automakers and parts makers to make new investments in such factories while concurrently maintaining local quality, delivery deadlines, raw materials and parts supplies. Considering these factors, overseas production will probably continue to increase gradually, but it is difficult to foresee widespread reduction in domestic production to expand overseas operations.

A New Production System Is Necessary

In any event, if widespread reductions in domestic production capacity do not take place, I think that there must be a reform towards a new system which is responsive to the changes in the environment. I believe the mid-term issue facing the domestic auto industry specifically requires a "balanced lean system." In other words, it is a system that preserves as much as possible of the competitive strengths of the lean formula, but emphasizes a balance with interests of parties other than consumers, such as employees, shareholders, suppliers, and local society, and a shift to a production system which considers the enhancement of worker satisfaction on the production line.

Since space restrictions apply to this article, I will reserve details for another time, but moves which could be considered would include actions in the factory, such as construction of production lines where females and senior citizens could work with ease, automation and factory remodeling designed to improve work environments, renovation of assembly line operating methods, and reductions in late-night and overtime work. Then, in the area of developmental work, action is necessary to provide relief from work pressure by extension of model change cycles, decreases in model variations, standardization of parts, and simplification of design work. I believe the industry can achieve a system to survive until the beginning of the 21st century and long-term enhancement of competitiveness only through a balanced total system of this type. Proposals of this nature have already been made by the Confederation of Japan Automobile Workers' Unions, manufacturers, industry experts, and the mass media, and some of the ideas have already been incorporated in new-age factories put into operation over the past several years.

My impressions is that these discussions do point in the right direction but, on the other hand, I am somewhat uncertain about the existence of balance from the perspective of a total system and that there may be a "unilateral discussion of details" or a quantitative self-serving tendency.

For example, reduction of annual work hours to 1,800 hours is appropriate as a matter of direction, but little exists in the way of analyses that cover measures to compensate attendant labor deficits. If extensions in the model change cycle and reductions in numbers of models take place without consideration of the consumers' viewpoint, they will result in arbitrary actions that would not be compatible with system reform. Furthermore, reductions in the number of models and the standardization of parts will lead to decreases in orders from secondary and tertiary parts makers who survived on small-lot orders. Consideration must be given to the direct impact on secondary parts makers with 50 to 100 employees and associated fixed and indirect costs.

In essence, now that we seem to have reached a stage where we have adequately covered itemized discussions on the direction of reform, we should probably consider the impact of a total system and search for a feasible path.

Furthermore, in recent times, we see moves on the part of companies to curtail investments on total system reforms that have already been initiated because of declines in profits. The problem seems to be that the series of new-age factory construction projects and investments for "appealing work places," which were considered the first step to realization of the balanced-lean concept, were funded by resources from the bubble

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economy and tended to be viewed as extravagant. There is no denying that investments in so-called new-age factories seemed excessive because they all cost several billion yen each. Now that the bubble has burst, there is no need to mention that extravagant investments can no longer be made at the pace of the past.

However, such system reform investments must not be confused with excessive investments simply triggered by the bubble economy. There probably are some companies which must take the position that the recession precludes any such investments, but from, a long-term viewpoint, can we afford to simply curtail investments to compensate for inevitable labor shortages just because of shortages in cash flow?

Rather, ideas that are important include those which consider continuation of investments to respond to environmental issues and work site improvements irrespective of bubble economies and changes in the economies, those which seek ways to reform systems on a cost-effective basis, and those which build systems for securing cash flows to serve as a source of funds for systems reform.

The building of cash flow requires the production of marketable products and concurrent action to reduce costs. The question is whether or not additional cost reductions are feasible, but there is a limit to depending on work simplification actions on the production line. In reality, in the 1980's, there has been a slowing trend in productivity in the factory. The future requires a review of product design functions which called for excessive features for the sake of customer satisfaction and a bold, logical approach to product planning, simplification of design, and reduction of unit costs without detracting from marketability, with increasing importance placed on value engineering which reaches back to the planning stage. When it comes to product design, it is said that many Japanese cars are still far from being "lean."

I believe that cash-flow building actions should begin with direct cost reduction efforts. In that sense, the ultimate objective of suppliers should be to build cash flow necessary for system reform and then offer price reductions based on cost reduction actions. However, if cost reduction efforts do not provide for adequate cash flow, it will become necessary to review prices. However, there is no need to mention that simple price hikes based on arguments for reasonable profits will only lead to unfavorable reactions from consumers.

An issue that needs to be considered in relation to cash flow deficits is "price-cutting" at the sales level. Certainly, price-cutting has a tendency of being viewed as a necessary measure for maintaining sales and the customer base in the short-term and it cannot be denied that customers have learned to expect such practices. However, in the end, the lack of visibility concerning such practices has led to distrust on the part of the consumer and has depressed revenues and profits of vendors. Reform in excesses associated with the practice of price cuts has a major adverse impact on the morale of production and development workers and should be of long-term benefit to makers, dealers, and consumers. As far as I am aware, industry sources agree that Toyota, as the top domestic firm with overwhelming sales clout, is the one organization that holds the key to reform of this nature.

The foregoing discussion covered the topic of internal system reform to avoid internal collapse, but withdrawal from a pattern of concentrated competitiveness and total balance enhancement is a theme that also applies in connection with a system of competition, cooperation, and conflict involving our automotive makers.

In this respect, Japanese players in the past had the tendency to treat competition, dispute, and cooperation as separate items and to respond to each individually. As a result, they would always be taking the initiative on competition, but on the other two they would always be reacting and at the mercy of the other parties. Thus they would react excessively. In the future, the respective companies in Japan will treat competition, cooperation, and dispute together as a subsystem of a total game plan and apply those principles objectively and discriminately just like their European and U.S. counterparts.

There is a special tendency in Japanese firms to be "adept at competition but inept at handling conflicts," but it may be necessary to take a collective approach by assuming a direct defense against any disputes which they feel are illogical, while also implementing stronger ties with affiliates. In that respect, among European and U.S. firms, there is the saying that one shakes hands with his left hand and punches with his right hand, but such techniques are not a violation in the whole game. Rather, Japanese firms should probably learn from such shrewd methods.

In any event, what we saw in the 1980's is the simultaneous and parallel expansion of dispute, cooperation, and competition on an international scale. An especially important trend in that backdrop is the formation of a loose network of inter-company affiliations which could be called, "a global multiple-strata network."

That particular topic was discussed in the 28 August 1984 issue of EKONOMISUTO and since the basic concepts have remained the same, I ask that readers refer to it for details. In essence, this concept envisions the formation of networks among world automotive firms in a variety of joint relationships, such as technical affiliations, capital affiliations, joint development, joint production, OEM [original equipment manufacturing] supplier relations, and sales affiliations at all levels of corporate activities, such as management strategy, vehicle development, parts technology, production technology, production, and sales.

Moreover, in recent times, there have been very few cases where stronger affiliations between two specific firms have led to a merger. In fact, most of the affiliations were established on a flexible basis with several separate firms based on the specific vehicle or component involved. I foresee a situation where the partial sharing of management resources through such networks will enable present automakers in the world and their suppliers to survive on a semi-independent basis.

On the other hand, in the classic sense, the completely independent automaker will disappear. As long as this trend persists, the oligopolistic theory that, "only eight automakers will survive in the world," has little significance as an argument.

Backdropped by domestic recession and worsening operating results, the actions of Japanese automakers reflect these trends with their affiliations with companies external to their former group affiliations and the companies are receiving active newspaper coverage. From a long-term viewpoint, these affiliations should be interpreted as part of the final stage of international multiple-level networking which had been progressing for some time, rather than as a new wave of industry realignments. We cannot unequivocally state that there will be no future mergers among companies, but at least for industry as a whole, we do not foresee global oligopoly or regional block economies, but the formation of a global network. Moreover, at least on the individual commodity level, those moves will function to preserve the number of firms that continue to join in the competition and to promote competition.

In any event, now that it is only natural that automakers participate in such networks, skills possessed by individual firms in using such networks will probably influence their ability to compete with other firms. I will not go into detail, but it is my opinion that among U.S. firms, Ford is fairly adept at using networks, while General Motors is inept. And, I believe that fact has had a considerable effect on the competitiveness of the two firms.

Path to Becoming a Respected Firm

As mentioned in the foregoing discussions, facets which stand out in recent debates concerning the auto industry are the measures to be taken on a short-term basis in response to the recession and itemized discussions concerning mid- and long-term reform. Needless to say, these are timely themes, but our conclusion at this time is that simultaneous emphasis should be placed on discussions for reform of the long-term and total system direction, as well as on balance.

Needless to say, the task of prescribing a total system for survival in the 21st century is far beyond my capability, but this article lists several ideas which might be used to develop such a plan. As a minimum, such system reform concepts should be based on an accurate understanding of the current situation, especially in terms of international comparisons, and much can be learned from history and the experience gained by European and U.S. firms.

On the other hand, "balanced-lean systems," which attempt to maintain a balance with interested parties other than consumers while maintaining competitiveness, can probably be referred to as being very adoptable and universal from the standpoint of European and U.S. firms. If Japanese firms contribute to the growth of the world automotive industry, they would do so not by responding individually to external pressure, but rather by effecting reform to protect themselves from internal collapse. I believe external display of new systems built internally and simultaneous establishment of opportunities to learn mutually from overseas companies will lead to contributions at an international level.

Before, the recent recession became widespread, I believe the following argument was spreading in the automotive industry about the confidence in the competitiveness of Japanese firms—"Unless we remain strong, we will not survive. Unless we are respected, we are not qualified to survive." Subsequently, in a sense, we cannot escape the fact that the situation has been overtaken by a strong sentiment that "we are now at a stage where more urgent action must be taken." However, now that we do face a recession and deteriorating operating results, I believe it would be most beneficial if Japanese firms contributed to the evolution of a healthy Japanese automotive industry on a mid- and long-term basis by continuing to send the message that they will strive to uphold the vision of becoming good businesses.

Intellectuals Discuss Technologies for 2010

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[Article by Masanori Moriai, technology commentator; Hidehiko Sekizawa, acting chief, Hakuhodo Lifestyle Research Institute; Yosaku Hasegawa, manager, First Research Department, Institute for Future Technology; Tsugio Makimoto, chief, Semiconductor Department, Hitachi, Ltd.: "Rise of Industries Relating to Lifestyle"]

[Text] A variety of technologies will emerge in the next 20 years. On the other hand, restrictions predicated on social factors will prevail in the areas of aging of the population and environmental issues. That scenario will be used as a basis for predicting leading industries of the 21st century.

The world has reached the stage where it has only a few years left in the 20th century. In retrospect, in the last 20 years a variety of technologies were given birth to, applied, and spread. Among them, electronics developed in a spectacular manner and semiconductors and computers, as a whole, were positioned to become major leading industries equal to the automotive industry.

On the other hand, there were developments such as those in the new materials and biotechnology areas which possess the potential for superior technologies, but still constitute no more than a mirage because of technical and commercialization difficulties despite once being the focus of much hope and must await further developments in the future.

While the electronics industry prospered on the one hand, attention was directed at worldwide environmental issues which are of a scope that surpasses factory pollution of the past. An increase in the consumption of energy resources has imposed the need to find worldwide solutions to such issues as global warming, destruction of the ozone layer, reductions in tropical forests, and acid rain.

It will be interesting to observe how industries at the end of the 20th century will change as we approach the year 2000, as well as during the first 20 years of the 21st century, and to see the birth of new leading industries just like the earlier electronics industry.

In predicting the future, the key point will be the necessity to give concurrent consideration to changes in social structures and the types of technology to be newly developed.

As a way of predicting future technology, a technical projection survey centered on the Delphic formula was conducted in the form of a questionnaire survey executed on a five-year cycle by the Science and Technology Agency with the cooperation of the Science and Technology Policy Institute and the Institute for Future Technology.

The fifth technology projection survey was announced at the end of November of last year. That survey encompassed future technology for the 30-year period ending in 2020 and covered 1,149 items. Additionally, 80 percent of those items are expected to be developed during 2001 to 2010. If one were to categorize these items as mere conjecture, nothing more can be said, but if the projections do become reality, much can be expected in terms of newly emerging technology.

Needless to say, even if technologies are developed, they do not become industries unless they are applied and are widely utilized in commercial products. Such developments must be based on a need. Such a condition will require restraints in changes in the social structure. Future Japanese social structures will be affected by the aging of the population, limitations in the labor supply, restrictions on resources because of environmental considerations, and further globalization.

Using technology and changes in social structures as a base, we can predict the leading industries for the first part of the 21st century.

As the following four intellectuals testify, such a thought process tells us that the leading industry of the future will basically relate closely to the livelihoods of the general populace, whether we speak of social infrastructures, lifestyle industries, or anti-aging industries.

Emergence of a Social Infrastructure Industry

Masanori Moriai, Technology Commentator

Technology made significant advances in the last 20 years, but electronics was the only technology that was commercialized. During the high-tech boom of the 1980's, biotechnology and materials technology gained much prominence, but interest in such fields has diminished.

However, much should be expected of biotechnology in the 21st century. However, even though the technology pertains to the important issue of human health and welfare, there is some question as to whether it will become a huge market. Medicines are no longer necessary once an ailment is cured.

In the area of electronics, there is still high potential for advance in elemental technologies such as super LSI processors, memories, and displays. However, on the question of whether they will translate into huge markets, it appears that conditions will be different from the past 20 years.

One factor is cost. Around the year 2000, one-gigabit memories will be developed, but the price will be fairly high. The question arises as to whether such a device will eliminate the need for current machines. A typical example is high-definition television with epochal advances in technology, but highly questionable in terms of whether it can commercially replace contemporary television sets. Current television sets are unusually strong in commercial terms because of their cost effectiveness and reliability.

It is often said that the future will be the age of domestic appliances based on information technology. Much is expected of multimedia personal computers, but their popularity will depend heavily on the availability of application software. Japan, however, lags in the development of application software. Until recently, Japanese businessmen emphasized the effective use of internal resources and trailed the United States in the area of software. However, development of application software is accompanied by the very important issue of determining the utilization of internal resources. Answers to that question will provide a key to determining the quality of management.

Basically, it appears that the weight of the "what may happen?" mentality will decline in the future, and the tendency to think in terms of "this is what we would want" and "this is what we should do" will have greater significance.

In contrast to electronics, a typical technology that failed to progress was the energy technology. Because of its complexity, no advances were realized. As an example, high-speed reactors are extremely difficult to deal with technically. At the same time, some technologies did not advance because of social and economic difficulties.

However, we have arrived at an age where we must commercialize a technology if it is good for the environment even if it is costly.

Further, although these issues do not relate directly to high technology, we still face such issues as corrective measures for extremely congested commuter transportation facilities as well as congested traffic conditions and the resolution of the issue of waste disposal. They say that 5 trillion yen would be sufficient to resolve extreme congestion in commuter transportation facilities in the Tokyo area. The problem would be greatly alleviated if the equivalent of five new Joban Railway lines were built at a cost of 1 trillion yen per line.

Technologies concerning industry and domestic needs are universally adopted as long as "they are of good quality and fairly priced," but social technology of the foregoing nature is often stymied by political barriers such as the vertical structure of government and politics in terms of the effects upon constituency votes. Once those barriers are overcome, industries involved in the building of the social structure will be the leading industries of the future. Such social infrastructures will not be limited to the building of roads as was the case in the past, but will be of a mechanical nature including information systems. In terms of industry categories, it will involve the integration of industries such as heavy industry, machinery, heavy electrical equipment, electronics, and materials.

Emergence of Anti-Aging Industries

Hidehiko Sekizawa, Acting Chief, Hakuhodo Lifestyle Research Institute

In speaking of future consumer trends, there is a need to think in terms of the definite social change involving the aging of the population. In 20 years, the baby boomers who are now 45 or 46 will be senior citizens of 65 or 66. Children of those people will be in their working prime of 40.

The movement of baby boomers into the senior citizen group will call for an expansion in the medical services industry, but before that the aging issue will surface and attention will focus on the anti-aging industry. Already, a large market has been created for basic cosmetic products that prevent aging of the skin. The future could conceivably see the creation of businesses that retard the aging of the entire human body. In the food products industry, we have seen the emergence of testing and initiation of products that retard aging through consumption of selected foodstuffs such as medicinal and functional foods. We will also see the development of athletic industries involved in the prevention of physical deterioration just prior to the aging process.

Children of the baby boomers citizens are largely only children without siblings who have established their own households as married couples with one child. This means that a couple composed of two persons must look after the welfare of four parents. If parents on both sides all become sick at the same time, they face an unmanageable situation and have no choice but to rely on a nursing service.

This situation may call for the creation of a voluntary nursing bank and a thriving nursing insurance industry.

When the baby boomers' children reach their forties, we will see the creation of Japan's first leisure-pursuit-seeking generation. Interest will center on cultural pursuits favored by the middle-aged such as concerts, theater, and art galleries, calling for significant growth in markets for adult and mature pursuits.

As the children of baby boomers age, the number of children will decline, causing a crisis in college administration. We will see the emergence of businesses that specialize in consulting on the operation of colleges, and institutions that handle the contract management of colleges. The introduction of management efficiencies is also necessary in the area of medical institutions, calling for increased separation of medicine and medical administration and the contract management of hospitals.

Another definite trend will be the increased dependence of society on information technology. If a name were to be designated by the general public for this leading industry, you might call it an "empirical industry."

As part of the "empirical" element, you have real reality and virtual reality. The development of multimedia systems will lead to the industrialization of virtual reality.

As an example, you'll be able to experience a simulated two-day trip to the moon, travel to the world of the Heian Era, or visit life after death, creating an empirical industry based on virtual reality equal in scope to any empirical industry based on reality.

It may be that the automotive industry's boom encompassing four-wheel-drive and recreational vehicles are a forerunner of empirical industrialization. Greater emphasis is placed on simulated outdoor life than in the pleasure of "owning" an automobile. The future will witness more emphasis on doing things and attaining a certain status, rather than on mere ownership.

Such trends have a definite impact on the growth of both real and virtual empirical industries.

The third change pertains to the progress of internationalization. This change will combine with developments in information technology to provide for a huge growth in the automated translation business. Use of artificial intelligence will make automated interpretations and translations a reality and the time will come when the technology will be installed on telephone circuits.

Once such technology matures, you will see the demise of language schools, and, on the other hand, you will see an increasing number of language schools that specialize in rare languages that are not conducive to processing under automated systems.

On a long-term basis, there will be an unmistakable trend towards increased residency of foreigners in Japanese society. We will probably see the large-scale development of ethnic markets to handle the needs of foreign residents.

Spotlight To Turn on Industries Supportive of Lifestyles

Yosaku Hasegawa, Manager, First Research Department, Institute for Future Technology

The Institute for Future Technology conducts a future technology projection survey once every five years in collaboration with the Science and Technology Policy Research Institute of the Science and Technology Agency and the results of the fifth technology projection survey were published in November 1992.

The survey covered and provided future projections on 1,100 technical items, indicating that solutions will be reached on a majority of the items by the year 2020. However, it is likely that not all projections will be realized, that some will reach the point of having discovered a solution or where commercialization can be foreseen, meaning that all items will not necessarily be completed on target by 2020.

However, an approximate picture can be obtained on the types of technology that will be emerging by 2000 or 2010. Such technical goals can be incorporated into one's own business or consideration can be given to the adaptation of such technology.

The mere development a technology would be of no significance; it would require application and utilization on a broad scale in order to achieve industrialization. However, in reflecting upon industry at the beginning of the 21st century, one can visualize developments if he were to consider the technologies emerging at that time.

To begin with, significant advances will be seen in a society based on information technology. One key to that trend will be "optics." Images and visual displays using optics will make substantial inroads on life. I believe much hope can be placed on communications and data processing based on images and visual displays.

Another factor to be considered is that rather than strong values being given on high-tech per se, preference will be stronger for pursuit of safety and a comfortable lifestyle. There will probably be an increasing number of industries which use information equipment for safety and comfort.

Examples would be industries that produce testing equipment and rapid test kits for determining the safety of various commodities and for diseases such as AIDS. In household terms, we are thinking of home-automation equipment. An example would be a system for home security and for detecting gas leaks. I believe the general public would be willing to pay a fair price for safety and comfort in terms of such equipment.

Even the technology projection survey revealed such trends. I believe the survey revealed that, rather than spectacular technology, those providing safety and comfort of lifestyles with a degree of stability will advance as industries.

On the other hand, the environment will probably have difficulty in serving as the basis for a leading industry. As an example, even if a new environmental technology is developed, the question arises as to who would be willing to pay for it. I think, because of the need to charge fees, it will be very difficult to industrialize.

On the other hand, let's take a look at concepts. The construction industry is strong in that it is supported by public works investment. But, in today's economic environment, there is not much beyond public works projects in terms of promising construction projects. In such circumstances, the idea presented here is huge in scope and is not easy, but an industry can be created if bold action were taken to launch afforestation projects and to prevent conversion of arable lands into deserts.

On the other hand, basic industries of the past such as steel will probably not become obsolete. The basic structure itself will not change much. Thus, any routine operations will be copied by surrounding nations, providing for renewed competition. Industries will succeed if emphasis is placed on the value-added aspect, rather than on routine bulk manufacturing.

Shift From Pursuit of Efficiency to Emphasis on Affluence

Tsugio Makimoto, Chief, Semiconductor Department, Hitachi, Ltd.

Semiconductors symbolize a very young industry which originated with the invention of the transistor in 1947 and were structured in their current format in the latter part of the 1950's. Semiconductors have undergone six waves of development in the way of product evolution.

The first wave consisted of the germanium transistor. That device gave birth to the portable transistor radio which served to provide people with their first strong impression of a semiconductor product. Next came the silicon transistor. That device gave birth to a television set that produced picture immediately when the power switch was turned on, in contrast to a tube set. The third device, known as an integrated circuit [IC], led to the manufacture of electronic calculators. LSI [large-scale integrated circuits] and VLSI [very large-scale integration] led to IC's of a higher capacity, and we have now seen development of the sixth wave of IC's known as ULSI [ultra large-scale integrated circuits]. Personal computers using VLSI's are smaller, while work stations are very high-powered.

Since the 1970's when semiconductor memories and microcomputers began to appear, an electronics revolution took place in the data-processing industry. In the industrial revolution, machines replaced the physical labor of human beings in the transportation of materials, but an attempt is now being made to replace the human brain with machines. It appears the electronics revolution will extend into the future to produce further changes.

However, there is no denying that the semiconductor industry is at a turning point. First comes the slowing of the growth rate. The industry grew at an average rate of 15 percent during the 1980's, but may or may not reach double-digit growth in the 1990's. We are now passing the age when the semiconductor industry grew in size irrespective of the growth in the overall economy.

Another development consists of a mismatch between semiconductor technology and applications for that technology. Until now, quadrupling in the capacity of DRAM [dynamic random-access memory] was accompanied by corresponding applications in the market place. However, when capacity reached four megabits, many applications required only a one-megabit DRAM.

This was when the approach was changed so that the past practice of miniaturization and increasing densities was changed to one in which semiconductors were designed to meet the specific needs of users. The use of the term application-specific integrated circuits (ASIC) has become widespread in the 1990's.

In the 1990's, downsizing of computers was advanced further and we entered the age of "portable computing." Until now, computers were manipulated by human beings at a fixed location, but portable computers can be operated without regard to location. At present, only a rough image exists of the ultimate configurations, but multimedia computers fall in the category of protable computers.

That means semiconductors must be designed so that they are adaptable to such uses. Densities are increased and electrical power use is decreased to make them lighter. There is a need for nonvolatile technologies. Since the batteries cannot be used until the computer is used, memories must be designed so that they retain data even when the power source is cut off. Current versions of DRAM and SRAM [static random-access memory] lose data once the power source is cut off.

On the other hand, semiconductors were used to promote efficiency in industry, but the time has come to improve the human aspects of life. An example is the issue of language barriers. Recently, although of a basic nature, machines have been made that can handle simple conversations, but the ideal objective would be a machine that can handle translations on a real-time basis. As we enter the 21st century, electronics will probably grapple with the issue of resolving the language barrier. A major dream of the semiconductor maker is to design a machine to promote understanding among ethnic groups of the world.

Table of Future Technical Developments

(Source: Fifth Technology Projection Survey of Science and Technology Agency)

Year	Industry	Item
1998	Environment	Use of substitutes for Freon and Halon which do not destroy the ozone layer and do not pose a problem in terms of global warming.
	Transportation	Use of rail cars that can be moved continuously on the current new trunk railway lines at a speed of 300 kilometers an hour while meeting all environmental standards.
1999	Oceanic and global	Widespread use of accurate and rapid forecasts of regional weather situations such as heavy rainfalls and snow storms through the development of radar observation networks and improvements in data-processing technology.
	Communications	Use of long-distance high-capacity optical communication systems using coherent optical communication technology based on optical heterodyne formulas using optical fibers.
	Health and medical	Development of an immunosuppressant that is superior to Cyclosporine.
2000	Data processing and electronics	Development of an LSI memory device using silicon which has an access time of one nanosecond.
	Cities, construction, civil engineering	Simplifications and advances in construction design through improvements in man-machine interface made possible by artificial intelligence and artificial-realistic [virtual reality] technology.
	Social life	Widespread application of composite home security systems that can be used with peace of mind in unoccupied or senior citizen homes which cause safety devices to activate whenever they detect overheating, electrical shorts, or gas leaks.
2001	Life science	Development of early detection technology for highly sensitive and simple testing of serum to identify cancer.
	Space	Use of a worldwide air traffic-control system that uses satellites.
	Oceanic and global	Establishment of a comprehensive earth sciences technology training institute to train scientific and technical personnel on a worldwide basis to work in the areas of preservation of the earth's environment and development and preservation of the earth's resources.
	Mineral and water resources	Use of economic classification and separation systems to recover usable materials from urban waste.
	Cities, construction, civil engineering	Significant progress in the simplification and safety of projects through introduction of robots at civil engineering work sites and major construction machinery for various operations, such as tunnel-digging, underwater work, and high-elevation work.
	Health and medical	Performance of organ transplant surgery, such as kidney, heart, and liver, on a scale equal to that in Europe and the United States today.
2002	Data processing and electronics	Use of super LSI with a capacity exceeding one gigabit on a single chip.
	Space	Use of technology using space observation that enables real-time measurements of the distribution and movement of atmospheric pollution.
	Oceanic and global	Construction of large-scale artificial reefs and initiation of long-term, comprehensive observations to analyze the formative mechanism of coral reefs composed of fixed carbonate of lime growths.
	Oceanic and global	Determination of the process for formation, change, and disappearance of the ozone layer that encircles the earth.
	Oceanic and global	Use with a considerable degree of accuracy of the advance detection and forecasting of sand, gravel, dirt, and rock slides caused by heavy rainfall.
	Environment	Development of a biodegradable water conservation material which can be used in the afforestation of deserts.
	Environment	Widespread use of product design technology which facilitates recovery and separation of usable components when products are discarded.
	Agriculture, forestry, and fisheries	Use of improved (in terms of productivity, disease-resistance, and cold-weather resistance) breeds of genetically engineered plants.
	Cities, construction, civil engineering	Development of a compact sewage disposal system using biotechnology that enables efficient disposal of highly undissolvable and toxic substances.

Table of Future Technical Developments (Continued)

(Source: Fifth Technology Projection Survey of Science and Technology Agency)

Year	Industry	Item
2003	Data processing and electronics	Use of technology that enables the processing of patterns as small as 10 nanometers.
	Life science	Establishment of technology to measure the three-dimensional structure of proteins from amino acid sequence.
	Agriculture, forestry, and fisheries	Widespread use of biodegradable packaging materials which dissolve into harmless substances based on microorganisms and enzymes.
	Cities, construction, civil engineering	Widespread use of systems based on technology that automatically separates flammables, metals, and glass based on hardness, relative weight, moisture, and color from ordinary waste such as urban trash.
	Communications	Widespread use of systems for transmitting between ambulances and hospitals visual display images and data bases used in emergency medical treatment.
	Transportation	Use of ceramic engines composed primarily of structural ceramic materials and progress on reduction in weight and size of automobiles.
	Transportation	Development of a four-dimensional control system based on aircraft position and time, including the mounting of on-board collision prevention systems, to provide for high-density flight patterns and enhanced aircraft safety.
	Health and medical	Development of an HIV vaccine.
	Health and medical	Secondary prevention of cancer in the form of early detection to be widely practiced in society, raising awareness among the general public of the available facilities, and enhancing the five-year survival rate for cancer patients from the current 50 percent to an average rate of 70 percent.
	Social life	Use of systems for in-home health checks and diagnosis.
	Social life	Widespread at-home performance of work in the area of general administrative duties, with the exception of interviews and negotiations, through the expanded installation of televised telephones, computerized on-line systems, and facsimile machines.
	Social life	Use of multipurpose nursing robots that can adjust to the toilet or bathing needs of individuals, such as bedridden aged persons and the mentally or physically handicapped.
2004	Materials and processes	Use of functionally gradient materials possessing heat-resistant and strength qualities and using a continual process of transforming metal to ceramics compositions.
	Elementary particles	Use of computers exceeding processing speeds of 10 teraflops [trillion floating-point operations per second].
	Mineral and water resources	Establishment of high-precision rainfall forecasting technology and effective use of precipitation.
	Environment	Discovery of an accurate mechanism for presence and disappearance of carbon dioxide in the atmosphere.
	Agriculture, forestry, and fisheries	Widespread use of insect prevention and eradication through the use of biological insecticides such as natural enemy organisms and pheromones.
	Manufacturing	Use of micromachines in various micro-scale operations, where it was considered impossible heretofore, such as biotechnology, microprocessing and assembly, and semiconductor manufacturing.
	Manufacturing	Widespread use of systems that call for the design, manufacture, recovery, and reutilization of mostly reusable materials based on the establishment of legal producer responsibilities for the recovery and disposition of discarded products.
	Cities, construction, civil engineering	Development of recycling technology that will reduce urban-generated trash by 50 percent.
	Transportation	Development of a battery with a rechargeable capacity adequate to handle commuter use and widespread use of electric cars that run at speeds compatible with urban traffic flows.
	Health and medical	Development of effective orally administered insulin.
	Health and medical	Development of a rapid and reliable method of testing for effectiveness and safety, including mutagenesis, teratogenic effects, and toxicity of pharmaceuticals.

Table of Future Technical Developments (Continued)

(Source: Fifth Technology Projection Survey of Science and Technology Agency)

Year	Industry	Item
2005	Materials and processes	Development of technology to control composition and characteristics of solids at the atomic level.
	Elementary particles	Discovery of existence or nonexistence of neutrino masses.
	Mineral and water resources	Use of unmanned mining methods that incorporate robotic mining technology.
	Mineral and water resources	Use of water purification technology for rivers, lakes, and marshes, contributing to improvement of the environment and promotion of water resources utilization.
	Environment	Establishment of technology to accurately predict rises in the ocean water level because of the warming of the earth's surface.
	Agriculture, forestry, and fisheries	Development of technology for the direct conversion of cellulose into starch through the use of such substances as enzymes, enabling effective use of biomass resources for such purposes as food.
	Agriculture, forestry, and fisheries	Development of animal husbandry food production technology that prevents allergies through the discovery and modification of antigen structures in animal husbandry products such as milk and eggs.
	Manufacturing	Use of technology for producing sugars via an artifical photosynthesis system that utilizes photosynthetic mechanisms.
	Manufacturing	Widespread use of manufacturing systems which operate to provide comprehensive relief to very elderly individuals suffering from mental and physical functional degeneration.
	Health and medical	Development of wearable or implanted artificial kidneys to substitute for dialysis among individuals suffering from chronic kidney failure.
2006	Materials and processes	Use in the areas of therapy, diagnosis and chemical industry through design of high molecular materials such as enzymes, antibodies, and cell receptors possessing enhanced molecular recognition functions.
	Life science	Establishment of technology for predicting functions from the high order structure of proteins.
	Oceanic and global	Capabilities established to reliably provide two-to three-day advance notice of volcanic eruptions.
	Mineral and water resources	Development of technology to provide semi-quantitative estimates of mineral resources through satellite surveys.
	Mineral and water resources	Establishment of capabilities to determine quantitative effects of acid rain on water systems and to take appropriate countermeasures.
	Manufacturing	Widespread use of systems that prevent earthquake destruction of industrial complexes and atomic installations through the rapid activation of safety systems during the advent of preliminary tremors.
	Cities, construction, civil engineering	Purification of water in landlocked maritime stretches near major metropolitan areas in advanced stages of pollution and degeneration through the construction of a variety of purification and sea-water exchange facilities.
	Health and medicine	Establishment of a cure for AIDS.

Table of Future Technical Developments (Continued)

(Source: Fifth Technology Projection Survey of Science and Technology Agency)

Year	Industry	Item
2007	Materials and Processes	Use of missile drugs that target cytotoxic agents to cancerous growth.
	Life Science	Use of effective measures for prevention of metastasis.
	Space	Development of technology for complete recycling of water and hydrogen within a space station.
	Energy	Widespread use of solar batteries as a source of household electrical power.
	Environment	Development of an effective restoration technology to rejuvenate destroyed tropical forest ecologies.
	Cities, construction, civil engineering	Widespread use of disaster-prevention systems that provide advance information on earthquakes centered approximately 50 kilometers away, based on the construction of a nationwide network of seismographs.
	Communications	Widespread use of personal mobile communication systems that enable direct contact with individuals regardless of their location throughout the world by dialing individually assigned telephone numbers.
	Transportation	Use of super-conductivity magnetic levitated railways operating at maximum speeds of 500 kilometers per hour.
	Health and medical	Discovery of structural cause of Alzheimer's disease.
	Health and medical	Use of a highly effective therapy for arteriosclerosis.
2008	Life science	Discovery of complete molecular biological structure of immune response systems.
	Life science	Clinical trials of organ transplants administered, using self-replicated or self-resuscitated organs.
	Elementary particles	Development of a transportable molecular accelerator which can be mounted on an aircraft to be used to repair ozone holes.
	Communications	Development of a Japanese-English automated interpretation telephone that works on a real-time basis.
	Communications	Use of three-dimensional broadcasting received on three-dimensional projectors for home use which can be viewed without special glasses.
	Social life	Widespread use of local warning and disaster prevention systems covering earthquakes and land slides.
2009	Data processing and electronics	Establishment of capabilities for large-scale, short-duration development of software free of errors based on advances in software testing technology.
	Life science	Identification of all cancer-suppressing genes and discovery of their relationship with carcinogenesis.
	Life science	Use of biochemical energy technology relative to solar energy such as conversion and storage.
	Life science	Discovery of the broad principles of genesis and differentiation of molecular structures.
	Life science	Use of plant breeds with drought-resistant and saline-resistant qualities to prevent degradation of arable lands into deserts.
	Manufacturing	Use of a refining process used to manufacture aluminum through direct conversion of bauxite without use of electricity.
	Health and medical	Development of mental health techniques and establishment of capabilities to prevent mental disabilities caused by stress.
	Health and medical	Development of implanted artificial hearts using a high-output energy source.

Table of Future Technical Developments (Continued)

(Source: Fifth Technology Projection Survey of Science and Technology Agency)

Year	Industry	Item
2010	Materials and processes	Use of layer-built solar batteries with conversion efficiency exceeding 50 percent.
	Materials and processes	Development of intelligence materials incorporating sensor, programming, and effector functions.
	Data processing and electronics	Determination of the human memory, recognition, and learning mechanisms and establishment of models for the application of such functions in the area of computer science.
	Life science	Determination of the alkaloid pattern of human DNA chromosomes.
	Life science	Development of a new computer with a new logic structure modeled after a high-order brain function.
	Oceanic and global	Development of technology enabling several-day advance warnings of earthquakes exceeding magnitudes of seven with attendant damage.
	Manufacturing	Development of machines with high-energy conversion efficiencies, using energy conversion systems of organisms.
	Health and medicine	Discovery of the carcinogenesis structure of almost all types of cancers.
	Health and medicine	Preventive medicine becomes the nucleus of medicine.

Malaysia

UMNO Leaders Maneuvering Ahead of Conference

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[Text] Open houses held by Malaysian politicians during the Muslim holiday marking the end of Ramadan are usually just an occasion for social small talk. But for those munching fried noodles and sipping cola in Finance Minister Datuk Sri Anwar Ibrahim's tented forecourt this year there was an added attraction: a chance to greet the hottest contestant in this year's ruling party elections.

As Anwar spent all day and most of the night greeting everyone from neighbours to cabinet ministers and corporate executives, he did his best to fend off the political speculation. "The elections are still far off," he said with a smile while posing with children for the press or embracing another erstwhile foe turned ally. "[It's] too early to say."

Elections for top posts in the ruling United Malays National Organisation (Umno) are scheduled for 4 November. But though outwardly just a party affair, this election is considered the most important political contest in recent history. That is because those who clinch the three vice presidential posts will be viewed as likely successors to the current national leadership. Umno presidents typically serve as prime minister while deputy presidents become deputy prime minister.

Leading the race—according to the Umno-dominated media—is Anwar. The 45 year-old Penang-born politician is not expected to shift from his present position as leading vice-president—he won the most votes in the 1990 contest—but the key to his chances of succeeding Prime Minister Datuk Sri Mahathir Mohamed will be who wins the other two posts.

Although Anwar could opt to directly challenge current Deputy Prime Minister Ghafar Baba this year, a less drastic scenario has him seeking to oust incumbent Vice-Presidents Datuk Abdullah Badawi—who also serves foreign minister—and Agriculture Minister, Datuk Sri Sanusi Junid. Both men are considered Anwar's political rivals. If replaced by more junior players, Anwar's rise to eventual pre-eminence will be far more secure.

According to Umno sources, this explains why the chief minister of Selangor, Tan Sri Muhammad Taib, has entered the race as a candidate for vice-president. A known supporter of Anwar, the 48 year-old former teacher recently issued a veiled attack on Badawi in which he cited the latter's former association with the Umno splinter group that eventually became the Semanga '46 opposition party.

Another suspected Anwar ally is Johor Chief Minister, Tan Sri Muhyiddin Yassin. A former federal minister who ran an unsuccessful campaign for vice-president in 1990, Muhyiddin, 46, is believed to be close to declaring he will run again. But even his supporters admit that Muhyiddin's main problem is a fractured party base in Johor, where he has been harried by the influence of former deputy prime minister Datuk Musa Hitam who fell out with Mahathir in 1986 and now lurks in the wings, some say waiting for an opportunity to make a comeback.

Still, each Anwar supporter has his strengths. Taib runs one of the richest states in Malaysia, while Muhyiddin's national profile grew after his handling of this year's royalty issue in which the government successfully stripped the country's hereditary rulers of their legal immunity.

If both men succeed, Anwar's path to the top could be cleared without having to challenge Ghafar. "This is the best-case scenario," says an Umno MP.

But less optimistic scenarios also abound. With the high stakes contest this year, there are fears that a debilitating split within the party could shake Umno unity.

This worry has been heightened by the long run up to the election. Although both sides deny it, two clear camps have emerged. Opposing Anwar and his allies are Badawi and Sanusi, both of whom have rallied around Ghafar. As deputy prime minister, Ghafar is in the pole position to succeed Mahathir according to party convention.

But Ghafar, 67, is roughly the same age as Mahathir, and many see him at best as an interim successor should Mahathir leave office in the next five years. Ghafar's appeal in part is born of his more traditional style of consensus politics which has attracted the older and more conservative members within Umno.

By contrast, Anwar has appealed to a brasher, younger audience. His stints as education minister and now finance minister have brought him into contact with young intellectuals—including those in media and business—and given him access to needed funds. An earlier association with the Muslim Youth movement, Abim, further established a network in the Islamic activist community.

The Islamic connection may help at the grassroots level, but in this campaign the consensus is that Anwar's biggest advantage over his rivals is the influence he appears to have over the mainstream media. Although Anwar denies benefiting from the recent management buy out of the New Straits Times Press, the belief in the opposing camp is that the press gives him more favourable coverage.

Anwar's style and political outlook has also generated a firm belief in some quarters that Mahathir somehow favours him, and may even be quietly helping him rise

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through Umno's hierarchy. But those close to Mahathir believe this unlikely, as well as dangerous, since it would be an invitation to split the party. "Most likely this is what the Anwar camp would like people to believe," one observer said.

Even if he has a preference, outwardly Mahathir has remained scrupulously neutral, maintaining at last year's Umno assembly that party convention would be followed in the event of succession. "He needs Ghafar, he uses him; he needs Anwar, he uses him," commented one veteran political analyst, summing up Mahathir's style of managing the party.

Neither should the possibility that Anwar can be thwarted be ruled out. Umno-watchers point out that Badawi was a rank outsider in the 1990 contest when the party grassroots—ignoring the wishes of the leadership—voted him in. Badawi commands strength in the middle ground of Umno, and is also from Penang, which could upset Anwar's home base strength. As one analyst concluded, Badawi "has no real enemies, only people who have other priorities."

For his part, Sanusi may be the most vulnerable target. But some political observers point out that he is a consummate campaigner, has strong backing in his home state of Kedah, and has the greatest ability of all Umno politicians to pull votes out of a hat. Although he has steadily slipped down the party hierarchy since the late 1980s, Sanusi is believed to want to cling to his post. "He wants to be in a position to check Anwar, whom he never wants to see climb to the top," said a former Umno MP.

The campaign is still in its early days, and other potential candidates are said to be testing the water. One possible contender is Umno Youth chief and Defence Minister Datuk Sri Najib Rajak whose factional affiliation is thought to be closer to Anwar. If Najib stands and wins, the power equation would become more complex, especially because many political analvsts feel he can also work with Ghafar.

What if the contest spirals out of control? That is something Mahathir has thought about and taken efforts to prevent. As early as mid-1992 the prime minister warned his aspiring party lieutenants not to let ambition stand in the way of party unity. Potentially volatile division-level elections were postponed to September this year because of rising political temperatures. Tighter ground rules have also been imposed on candidates.

Nonetheless, there are those who see an early general election called before the Umno assembly in November as the only escape route should the party be threatened with another split. "A big Umno fight is very destabilising, so this could make holding elections in 1994 [after the assembly] a tricky exercise," says a senior Umno leader.

Although it would be unusual to go to the polls barely halfway through the five-year term, Mahathir does have room for this option. Umno branch and divisional elections will be over by the end of September; Mahathir has not scheduled any further overseas trips after August.

North Korea

* Foreign Policy Chief Kim Yong-sun Profiled

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[Article by editorial staff writer Keiji Kobayashi: "The Strength and Self-Confidence of Secretary Kim Yong-sun, Exclusive Manager of All Foreign Policy, and His Associates"]

[Text] Harsh words criticizing the United States, Japan, and so on flew in succession from the mouth of Kim Yong-sun, director of the Workers Party of Korea [WPK] International Department, WPK Central Committee secretary, and Political Bureau candidate, who is said to be the exclusive manager of all foreign policy of the Democratic People's Republic of Korea (North Korea).

"There can be a distinction between large nations and small nations, but high-ranking nations and low-ranking nations do not exist. We will never permit interference in our internal affairs."

"There are some people who use the expression that one side helps the other side, but that is extremely unpleasant. Our country is operating an independent national economy. That itself is accompanied by great difficulties, but we have achieved in a short time what other countries have taken all of 100 years to do."

Kim Yong-sun is said to be related to Secretary Kim Chong-il on his mother's side, and to be greatly trusted by Kim Il-song and his son.

A Reaction Against an Increasingly Harsh External Environment?

My interview with Secretary Kim was held on 3 February at a conference room of the Mansudae Assembly Hall in Pyongyang. This is because he also serves as chairman of the Foreign Affairs Committee of the Supreme People's Assembly (Diet).

When I inquired into the accuracy of the report that he had recently become the person responsible for all foreign policy by also undertaking the problem of reunification of North and South Korea, which until now had been directed by the Committee for the Peaceful Reunification of the Fatherland, Secretary Kim affirmed this indirectly, saying, "The question of reunification is a question in which all the people of the nation have interest and responsibility, so, naturally, I, too, have responsibility." There is Minister of Foreign Affairs Kim Yong-nam, but Kim Yong-sun is in a similar position to the previous minister, Ho Tam, and seems to have come to be responsible for all foreign policy. Furthermore, he admitted the truth of the report that Russian Deputy Foreign Minister

Kunadze had visited North Korea and discussed revision of the Korean-Russian Treaty of Military Alliance, saying, "I am in charge of the Ministry of Foreign Affairs, and have received that report. Please read today's NODONG SINMUN for details."

Ambassador Yi Sam-ro, head of the North Korean delegation in the negotiations to normalize relations between Japan and North Korea, said, "We have no intention of agreeing to resume negotiations so long as Japan makes the nuclear question and the Yi Un-hye question preconditions for negotiation."

Furthermore, in response to the question "the general view is that the North Korean economy has fallen into a crisis. Would you care to comment on that," Committee for Promotion of Foreign Economic Cooperation chairman Kim Chong-u who is responsible for cooperative economic relations with foreign countries, retorted in this manner. "Viewing it in relative terms, it is true that the situation in Eastern Europe exerted a negative impact on our economy. But the Democratic People's Public of Korea has already established an independent national economy, so to describe it as a crisis is unjustified." This kind of statement, which can be taken as either confidence or bluffing, is probably also a reaction against an external environment which is becoming harsher.

Now, Too, Doubts Concerning Democratization of the Republic of Korea

Within Secretary Kim's perception of the situation, his appraisal of the Republic of Korea was unexpected.

To the question "With the election of Kim Yong-sam, in the Republic of Korea civilian government begins after more than 30 years; is this not the optimum chance for discussing the question of reunification," he said, "South Korea still relies on foreign forces, and reopened the Team Spirit joint military exercises with the United States. It is also refusing to implement the agreement signed at the high-level (prime ministerial) talks. Negotiations will probably not progress so long as the Kim Yong-sam government does not promote democratization actively." In addition, he said, "I want to watch closely what kind of democratization measures the new government will take, such as breakup of the Agency for National Security Planning (successor to the Korean CIA) and abolition of the National Security Law," not hiding his doubts.

In North Korea, education and propaganda to the effect that the Republic of Korea is under U.S. control is still flourishing. NODONG SINMUN was also criticizing Team Spirit day after day. It appears that top leaders also hold strong doubts on Republic of Korean democratization, so it seemed to me that for the present there is also little hope for progress in the North-South dialogue.

About Japan, Secretary Kim said, "There are some Japanese who say they have no responsibility toward reunification of the Korean peninsula, but I think they naturally have responsibility. Had Japanese colonial rule not existed, the division would probably never have existed in the first place. Japan should apologize for the immeasurable suffering and hardship which it placed upon the Korean people, make compensation, and discharge appropriate responsibility toward reunification."

Ambassador Yi, who has responsibility for the practical business of negotiating with Japan, explained about Yi Un-hye, the direct cause of the breakdown of negotiations, "He is clearly a person with no relationship to the Democratic People's Republic of Korea. This is also clear by the 'Declaration of Conscience' of former Republic of Korea prime minister Kim Chong-ryol which appeared in May 1988 in the MINZOKU JIHO, a Japanese-language newspaper, published in Japan, which is directed toward Republic of Korea residents of Japan." It has been ascertained by an investigation by the Republic of Korea side that this text was fabricated.

Secretary Kim strongly denied development of nuclear weapons, of which western nations are extremely wary, saying, "The Democratic People's Republic of Korea is a nation which has led the world in advocating establishment of nuclear-free zones." Ambassador Yi retorted, "The nuclear question has nothing whatsoever to do with Japan. I can only believe that it was brought up for the purpose of delaying the negotiations." Judging from the fact that the IAEA (International Atomic Energy Agency) requested a special inspection of nuclear facilities in the vicinity of Yongbyon in order to resolve doubts about nuclear development, but the North Korean side is resisting, and Japan's national feeling toward the Yi Un-hye question there is virtually no possibility that the Japanese side will drop these conditions, so in the present situation there is also little hope for an early resumption of negotiations between Japan and the Democratic People's Republic of Korea.

Coal Becomes Substitute Fuel Because of Oil Shortage

While Secretary Kim, too, admitted economic difficulties to a certain degree, he emphasized, "But the people of the nation are striving diligently under the slogan 'The Party Decided, We Carry it Out.'" Chairman Kim Chong-u, who is said to be the right hand of Kim Tal-hyon, vice premier and chairman of the State Planning Committee, and who is also the person responsible for development of the Tumen River, explains it this way.

"Beginning this year, even trade with China changed to settlement by foreign currency, and in the process of changing from barter trade to settlement by foreign currency, the oil which we were importing from such countries as the Soviet Union and Iran decreased, so there was considerable impact. But we are striving to substitute coal, which is abundant, for oil. Now all thermal power plants with the exception of Najin are coal thermal power. We are in the midst of switching over to coal as a raw material for industrial use, too."

He also hinted at a possibility of heading toward an open economy, saying, "In regard to special economic zones, all relevent laws, such as the 'Foreign Currency Control Law' have passed the legislature, so complete arrangements have been made for reception, and the world, too, is showing interest. We want to make high quality, low-cost products, and to sell them actively on capitalist markets, too."

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